

Ethos as Dwelling: The Construction of Corporate Ethos in an IPO

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## Acknowledgements

My interest in ethos began more than a decade ago when I started teaching at a Chinese university after my college graduation. Working with students made me wonder what empowered students in education. Particularly, after observing the four-years changes of the first group of undergraduates I taught, I wondered what we should care about more: a person's appearance or something behind it. This cognitive dissonance motivated me to pursue advanced studies in rhetoric. Serendipitously, I was introduced to the study of IPO prospectus in Dr. Donald Ross's Audience and Argumentation seminar in Spring 2013 at University of Minnesota. From there I conducted a pilot study about the signalled ethos of the Chinese Internet company, Baidu, in its 2005 IPO in the U.S. While I was taking my preliminary exam in 2014, Alibaba launched its U.S. IPO. Then, I switched my research focus to Alibaba's IPO.

This case study project went through a recursive process. My personal attachment to this project made the completion of it beyond the initial expectation of my dissertation committee. I would like to thank my advisor, Dr. Donald Ross, for his inspiring remarks on this project, his continuous help with my writing, and his personal advice on pushing me to move forward. Thanks for reading and editing more than one hundred pages of writing from me that were not used in the final dissertation. I would like to thank Dr. James Zappen, from Rensselaer Polytechnic Institute, for his early direction of this project, his continuous support of my research, and his generous help with my writing. My equal, sincere thanks go to Dr. Laura Gurak, for her guidance of ethos studies in my preliminary exam and this research project, for her advice on pursuing the theme of trust in future research, and for introducing me to Dr. Zappen at the 2014 RSA; to Dr. Ann Hill Duin, for her open and rigorous remarks at my dissertation prospectus meeting, for her suggestion of using connectedness and personal networking in my future research, and for her generous offering of Google Glass in my pedagogical application of ethos, the "performative eportfolio" project.

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## **Dedication**

To those who value ethos.

## **Abstract**

This qualitative case study investigates how trust was operationalized in the Chinese e-commerce company, Alibaba, in its U.S. Initial Public Offering (IPO) in 2014. Rhetorically speaking, gaining trust is a result of a successful construction of ethos. Tracing the classical and contemporary conceptualizations of ethos, I drew a conclusion supporting ethos as dwelling and proposed to investigate this conceptualization in new contexts, such as IPOs. Using Robert Stake's (1994) case-study methodology, I analyzed two artifacts in the Alibaba IPO: (1) the online tertiary audience reactions, which include English and Chinese online business news media reactions and high status actors; (2) Alibaba's IPO prospectus, constituting a total of eight versions. "Thick description" and rhetorical interpretations were applied to data analysis. In addition to the main analytical tool, rhetorical ethos, I used theories from regional rhetorics, visual rhetorics, and technical communication to facilitate my data analysis. Findings from the analysis of the online tertiary audience reactions indicate how ecologies, consisted of material experiences and public feelings influence the construction of ethos. Outcomes from examining the IPO prospectus reveal the dialectic relationship between discourse and materiality in ethos construction. Results from the two artifacts overlap in the importance of materiality and the role of emotion in ethos construction. Though this study aims for naturalistic generalization, results can still contribute to refining existing theories of ethos, especially in a cross-cultural context and in professional communication.

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## Chapter 1 Introduction: Alibaba's U.S. IPO

*A real story about trust, "the leap of faith"*

### The Case

Initial public offering (IPO) is a sale of a company's stocks to the public for the first time. Through this process, a private company raises capital and transforms into a public one. On September 19, 2014, the Chinese e-commerce company Alibaba went public on the New York Stock Exchange (NYSE). As a result, Alibaba raised \$25 billion in the world's largest IPO. Nevertheless, Jack Ma, the founder of Alibaba, told CNBC after Alibaba's IPO trading day: "Today what we got is not money. What we got is the trust from the people."

Rhetorically speaking, gaining trust results from a successful construction of *ethos*. In the case of Alibaba's U.S. IPO, *ethos* was constructed by a Chinese company to convince potential mainly American investors to buy the Chinese company's stock shares. A possible question we might ask is: Did the two parties finally *dwell* together?

Hours before Alibaba's IPO on the New York Stock Exchange, Jack Ma was interviewed by CNBC's Carl Quintanilla, Jim Cramer, and David Faber. This interview includes a brief exchange about "trust":

QUINTANILLA: WHAT WOULD YOU SAY TO AN AMERICAN INVESTOR WHO IS REALLY INTERESTED IN YOUR COMPANY AND THE GROWTH OPPORTUNITY, BUT WORRIES ABOUT INTERFERENCE FROM THE GOVERNMENT, TRANSPARENCY, BOOKS, REGULATORS WE DON'T UNDERSTAND? HOW DO WE GET AROUND ALL OF THAT?

MA: TRUST. TRUST US, TRUST THE MARKET, AND TRUST THE YOUNG PEOPLE. TRUST THE NEW TECHNOLOGY. THE WORLD IS GETTING MORE TRANSPARENT.

EVERYTHING YOU WORRY ABOUT, I'VE BEEN WORRYING ABOUT IN THE PAST 15 YEARS. EVERYTHING YOU WORRY ABOUT, I'VE BEEN GOING THROUGH THIS TOUGH 15 YEARS. THAT'S NOT EASY. AND WE ARE READY TO WORK FOR ANOTHER 87 YEARS. I WANT TO TELL THE INVESTORS, WE TAKE CARE OF THEM.

FABER: TRUST HAS TO BE EARNED, OF COURSE.

MA: BECAUSE WHEN YOU TRUST, EVERYTHING IS SIMPLE. IF YOU DON'T TRUST, THINGS

GET COMPLICATED.<sup>1</sup>

Hours after the interview, Alibaba closed at \$93.89 per share, 38% higher than the \$68 offering price—that's how we heard Jack Ma's exclamation of gaining "trust from the people." Nevertheless, Alibaba's four-and-half months IPO journey in the U.S. was not smooth.

On May 6, 2014, Alibaba filed its initial registration statement (also called IPO prospectus; available online to the public) at the SEC. A few minutes before the first filing, Jack Ma sent an email to Alibaba employees,<sup>2</sup> instead of potential investors. In this email, Ma reviewed Alibaba's history, envisioned the opportunities and challenges as a result of the IPO, and stressed the importance of adhering to their mission ("making it easy to do business anywhere"), their value system ("customer first, employee second, shareholder third"), their faith in the future, and their belief that ordinary people can do extraordinary things. On the same day, *The New York Times* published an article online, reviewing the Variable Interest Entity (VIE)<sup>3</sup> structure that Alibaba uses and alerting

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<sup>1</sup> Transcript retrieved from <http://www.cnn.com/id/102016827>.

<sup>2</sup> English translation of Jack Ma's letter can be retrieved at <http://blogs.wsj.com/chinarealtime/2014/05/07/unparalleled-ruthlessness-awaits-jack-mas-letter-to-alibaba-employees/>.

<sup>3</sup> *Investopedia* defines Variable Interest Entities as "an entity (investee) in which the investor has obtained less than a majority-owned interest, according to the United States Financial Accounting Standards Board." The U.S.-China Economic and Security Review Commission considers VIE as "a highly risk mechanism" used by Chinese private Internet companies to bypass the Chinese

potential investors to the risks. On June 16, Alibaba updated its IPO prospectus for the second time. On June 18, the U.S.-China Economic and Security Review Commission, a congressional commission of the U.S. government, released a report “The Risks of China’s Internet Companies on U.S. Stock Exchanges”<sup>4</sup> on its official website. This report brings VIE into focus and includes a special section titled “Understanding the Alibaba IPO,” which portrays the controversial Alipay spinoff between Alibaba’s founder Jack Ma and Alibaba’s foreign partner Yahoo. On June 26, Alibaba updated its prospectus for the third time. On July 2, ConvergEx Group, a leading provider of global brokerage and trading-related services, released their report<sup>5</sup> on potential investors’ interest and concluded that “it is not the company—it’s the country.” On July 11, the same day when Alibaba updated its prospectus for the fourth time, U.S. Senator Robert Casey wrote<sup>6</sup> to the SEC Chair Mary White, urging SEC to take more aggressive actions to protect U.S. investors from VIE, especially in the upcoming Alibaba IPO.

The U.S. Securities Law requires each IPO company to go through a “quiet period” between the first filing until the SEC approves the final IPO prospectus. During the “quiet period,” companies are restricted from releasing information related to the company’s IPO to the public. However, in July Alibaba broke the silence. On July 18,

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government restriction on foreign investment in the Chinese Internet sector. The Commission explains that the VIE mechanism guarantees economic benefits flow from the tax havens such as Cayman island to a Chinese Internet company’s foreign investors, while the Chinese company controls business operation in China.

<sup>4</sup> The report can be retrieved at <http://dealbook.nytimes.com/2014/05/06/i-p-o-revives-debate-over-a-chinese-structure/? r=0>.

<sup>5</sup> The report can be retrieved at [http://www.convergex.com/uploads/Alibaba\\_IPO\\_Survey.pdf](http://www.convergex.com/uploads/Alibaba_IPO_Survey.pdf).

<sup>6</sup> The letter can be retrieved at <http://www.casey.senate.gov/newsroom/releases/casey-to-sec-protect-us-investors-in-chinese-ipos-transactions-could-leave-us-investors-with-few-safeguards-if-they-invest-in-shell-corporations>.

Alibaba posted a statement (in Chinese) on their official Weibo,<sup>7</sup> a Chinese Twitter-like microblog. In this statement titled “Voice from the ‘Quiet Period’” Alibaba revealed that the company was suffering from a “media blackmail,” which demanded \$300,000 to terminate negative reports about the company from a Chinese magazine and a We Media<sup>8</sup> writer (a blogger). Alibaba said they filed a case at the local police department. Two days later, on July 20, *The New York Times* published an article online, titled “Alibaba’s I.P.O. Could Be a Bonanza for the Scions of Chinese Leader.”<sup>9</sup> Immediately, Alibaba posted another, in *The New York Times’* words, “strongly-worded statement”<sup>10</sup> in Chinese on their official Weibo, refuting *The New York Times’*s portrait of Alibaba’s political connection. On July 29, Jack Ma sent an internal email to Alibaba employees, communicating his emotional ups and downs during the “quiet period,” admitting that Alibaba needed to improve communication with the public, and asking Alibaba employees to adjust themselves to accommodate other people’s discomfort.<sup>11</sup> Jack Ma called employees’ attention to Alibaba’s mission and cautioned that change takes time. On July 31, Alibaba appointed Jane Penner, former Head of Investor Relations of Google and former senior editor of TheStreet.com,<sup>12</sup> to lead Alibaba Group’s investor relation team, based in San Francisco. On August 6, Sue Decker, former President of Yahoo

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<sup>7</sup> Alibaba’s official Weibo: <http://www.weibo.com/aligroup>.

<sup>8</sup> “We Media” is a type of participatory journalism, in which ordinary people such as bloggers can write and disseminate their messages on the Internet. More information can be found at [http://www.hypergene.net/wemedia/download/we\\_media.pdf](http://www.hypergene.net/wemedia/download/we_media.pdf).

<sup>9</sup> The *New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/07/20/alibabas-i-p-o-could-be-a-bonanza-for-the-scions-of-chinese-leaders/?ref=topics>.

<sup>10</sup> The *New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/07/21/alibaba-says-it-relies-on-markets-not-connections/>.

<sup>11</sup> This internal email was posted on several Chinese websites, including ifeng.com, the official website of Phoenix Television, a leading television broadcaster, based in Hong Kong: [http://tech.ifeng.com/bat3m/detail\\_2014\\_07/29/37575777\\_0.shtml](http://tech.ifeng.com/bat3m/detail_2014_07/29/37575777_0.shtml).

<sup>12</sup> TheStreet.com is an American financial news and services website founded by Jim Cramer and Martin Peretz.

published an article titled “An Insider’s Account of the Yahoo-Alibaba Deal” at *Harvard Business Review*, narrating how Yahoo found “trust” in Jack Ma and aligned themselves with Alibaba.<sup>13</sup>

On August 12, August 27, and September 5, Alibaba updated its IPO prospectus again. The September 5 filing included a letter from Jack Ma to potential investors. In the letter, Jack Ma described investing in Alibaba as “embarking on a long journey with Alibaba” and shared Alibaba’s thoughts and beliefs for the future. Jack Ma described Alibaba as a “value-based company” that is “founded by the Chinese people but that belongs to the world.” Jack Ma emphasized the importance of their mission (“to make it easy to do business easier anywhere”) and the ecosystem that cultivated by “tens of millions of participants who are passionate about the future and steadfast in their belief that the Internet should be fair, open, transparent and shared.” Jack Ma assured potential investors that “we will stick to our ideals, be ourselves, focus on the future and adhere to the principles of integrity and transparency in our corporate governance.”

On September 5, Alibaba released its “roadshow” video online. On September 8, Alibaba launched a 10-day “roadshow” in the U.S., Hong Kong, Singapore, and London. On September 15, Alibaba updated its prospectus for the last time. On September 17, Senator Casey wrote<sup>14</sup> again to the SEC Chair Mary White, who replied to Casey’s first letter on September 11. Casey addressed his dissatisfaction with White’s assurance that the SEC adequately reviewed Alibaba’s registration statement. On September 18, Alibaba

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<sup>13</sup> This article can be retrieved at <https://hbr.org/2014/08/an-insiders-account-of-the-yahoo-alibaba-deal>.

<sup>14</sup> The letter can be retrieved at <http://www.casey.senate.gov/newsroom/releases/casey-presses-regulators-on-protections-for-us-investors-in-ipos-of-chinese-companies>.

priced its stock at \$68. On September 19, eight Alibaba customers (including an American cherry farmer) rang the bell at NYSE—trading started.

After the IPO, Jack Ma was interviewed by Lara Logan from 60 Minutes.<sup>15</sup> Logan asked Ma about the IPO: “So, this is not Jack Ma’s American invasion. This is not Google, Amazon, eBay, be afraid.” Ma replied: “We come to help, not invade.”

Looking back on Jack Ma’s remark on gaining trust from the people, we might want to ask: How did this happen? How did Alibaba, this Chinese e-commerce company try to project itself as a trustworthy entity to American audience? How did American audience perceive Alibaba’s ethos? What was agreed? What was negotiated? How did the two parties finally “dwell” together? Or, is what Jack Ma, the idealist,<sup>16</sup> called “trust” just serendipity?

### **Trust in Different Cultures**

Jack Ma attributed the success of Alibaba’s U.S. IPO to the gaining of investors’ trust. It makes sense that investing in the stock market means betting on an uncertain future.<sup>17</sup> The question left is: when a Chinese firm encountered a U.S. audience, would they share similar conceptions of trust? Li Yuan (2008), *The Wall Street Journal* reporter, observes: “The U.S. business world has laws and rules (written and un-) about basically everything, and companies and individuals need to know these rules to avoid legal and

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<sup>15</sup> Interview can be retrieved at <https://www.youtube.com/watch?v=hLUgbWO1ztk>.

<sup>16</sup> Porter Erisman in his documentary film *Crocodile in the Yangtze*, a film about Alibaba’s development, uses the term “idealist” to describe Jack Ma. Ma himself has admitted in public interviews that he was influenced by idealism when he was young.

<sup>17</sup> Several scholars have addressed the interrelationship between risks and trust. Sociologist James Coleman (1990) and psychologist Morton Deutsch (1958) claimed that trust only exists in risky situations. Charles Sabel (1993), a professor of law and social science, argued that putting trust in someone means taking risks with the trustee. T. K. Das and Bing-Sheng Teng (2004) developed a conceptual framework for the risk-based view of trust.

financial risk . . . In China, trust isn't a logical outcome of business rules, but the product of person-to-person relationships established over time.”<sup>18</sup> To put it simply: in the U.S., trust is on paper, while in China trust is in relationships. John Matheson (2006), a law professor at the University of Minnesota, explains that for Westerners signing a contract means the “culmination” of a negotiation process, but it means “the beginning of a relationship” for the Chinese (p. 345). Matheson further explains the Chinese perspective on forming a contractual relationship: “Without good faith,<sup>19</sup> the relationship cannot occur, and therefore a contractual relationship must be preceded by a societal relationship, implying that good faith is an implicit prerequisite to contract creation” (p. 345). From a rhetorical perspective, what Li and Matheson portray about American/Western and Chinese perspectives on trust and contract formation imply a logo-centric Western rhetorical tradition<sup>20</sup> and the Chinese tradition that emphasizes a sincerity-based rhetoric.<sup>21</sup>

Granted, what Li and Matheson explain about trust and forming contractual relationships is mainly for helping Americans/Westerners conduct business in China, which implies a situation where American/Western investors actively seek business

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<sup>18</sup> *The Wall Street Journal* article can be retrieved at <http://www.wsj.com/articles/SB120897959046739075>.

<sup>19</sup> In Matheson’s (2006) article “good faith” refers to loyalty, honesty, non-deception, keeping promises, and confidentiality.

<sup>20</sup> Halloran (1982) explains positions of the three appeals in Aristotle’s theory of rhetoric: “Aristotle acknowledges *ethos* to be probably the most important, though he seems to wish that *logos* were” (p. 60). Miller (2004) finds *ethos* may be allied with *logos*, which is a rational reliability. In my research, I do not consider *logos* as the center of Western rhetoric; however, here I would like to point out the possible focus on *logos* in Western practice based on Li’s and Matheson’s portrait.

<sup>21</sup> In 《周易·文言传》, one of the “Ten Wings” (collections of commentaries) of *I Ching* (also known as *Classic of Changes*), a book that contains the oldest Chinese philosophical thoughts, Confucius says : “修辞立其诚，所以居业也。” (“Rhetoric establishes sincerity, and therefore it establishes a successful business.” Literal translation by me.) George Kennedy (1998) finds that the ancient Chinese highlighted “frankness” and “sincerity” (143) in public speaking.

partnerships in China. Contract formation involves two designated parties, who directly participate in the negotiation process. Alibaba's IPO case shares some similarities of the common contract formation but differs in its distinct situation. The IPO prospectus was the "contract" in Alibaba's case, but this "contract" was "negotiated" between Alibaba and the scattered potential investors whom Alibaba was unable to know. In other words, the offeror (i.e., Alibaba) and the offeree (i.e., potential investors) were separated. The direct participants in this "negotiation" were Alibaba and the U.S. SEC. The SEC reviewed each version of Alibaba's IPO prospectus to ensure that Alibaba fully disclosed the risks involved in this "contract," so potential investors could make their investment decisions in transparency. The SEC's role could be considered as a gatekeeper who set up a transparent relationship between Alibaba and potential investors. The situation of Alibaba's IPO resembles a rhetor delivering a speech (the IPO prospectus) in front of audience on a foreign land. The rhetor (Alibaba) could give speeches (updated IPO prospectuses) as a venue of communication but was not allowed communicate with the audience on the foreign land directly due to the "quiet period" rule. The rhetor (Alibaba) aimed to persuade the audience (potential investors) into purchasing its stocks.

The major challenge in this persuasion could be explored from the different conceptions about trust as indicated by Li and Matheson: for Americans, trust is on paper; for Chinese, trust is in relationships. We heard this Chinese perspective in the letter to investors that Jack Ma embedded in the IPO prospectus, in which he described investing in Alibaba as "embarking on a long journey with Alibaba." Also, in his

interview with CNBC<sup>22</sup> on Alibaba's listing day, Ma requested investors to give trust to Alibaba in order to ease investors' apprehension of an uncertain future. The two traces imply that Alibaba may have tried to protect its Chinese perspective on trust. But did investors in the U.S. agree with this Chinese perspective? Aristotle presents *phronesis* (good sense), *arête* (good moral character), and *eunoia* (goodwill toward audience) as three criteria of evaluating *ethos*, which is the most potent appeal in Aristotelian persuasion. Kenneth Burke (1969) adds the concept of "identification," in which a speaker and audience identify with each other based on the character and values of the speaker. How did the U.S. audience's perspective on ethos diverge from Alibaba's? How did Alibaba navigate the Western rhetorical tradition and achieve its goal of making the U.S. investors purchase its stocks?

U.S. investors were attracted to Alibaba's profitability; however, they were also held back by the risks embedded in Alibaba's partnership structure, the VIE structure, Jack Ma, and the entire notion of China. When uncertainties were irreducible, perhaps what left for both Alibaba and the U.S. investors is how to achieve "the leap of faith,"<sup>23</sup> the essential element of trust.

## **Chapter Overview**

In Chapter 2 I review literature on rhetorical ethos and IPO. I trace the classical and contemporary conceptualizations of ethos. I draw a conclusion of ethos as dwelling and explain the theoretical dimensions of ethos I attended to in this research project.

Next, I explain the process of IPO and the key elements in it. Last, I introduce the

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<sup>22</sup> The CNBC interview transcript can be retrieved at <http://www.cnbc.com/id/102016827>.

<sup>23</sup> The notion of "the leap of faith" that I use here is from Guido Möllering's (2006) *Trust: Reason, Routine, Reflexivity*. "The leap of faith" here means the suspension of uncertainty.

interaction between rhetorical ethos and business communication, especially the relationship between the tertiary audience and corporate reputation.

In Chapter 3 I justify the rationale of using case-study methodology in this research project, define the types of case study, evaluate the pros and cons of case-study methodology, describe methods for data collection and selection, and explain methods for data analysis.

In Chapter 4 I present research issues and describe findings of online tertiary audience reactions. Using theories of rhetorical dwelling and regional rhetorics, I interpret patterns in online tertiary audience reactions and how Alibaba found its positions in the complex ecologies. I draw a conclusion about dwelling ecologically and ethos construction.

In Chapter 5 I list research issues and delineate findings of Alibaba's IPO prospectus. I analyze textual and visual information in the prospectus, using theories of rhetorical dwelling, visual rhetorics, and technical communication. I reach a conclusion about the relationship between discourse and materiality in ethos construction.

In Chapter 6 I summarize the findings from online tertiary audience reactions and IPO prospectus, draw a conclusion about dwelling materially, and propose to investigate the electronic roadshow as a remediation tool in IPOs as a starting point for future research. I offer industrial and pedagogical implications of this research project.

## Chapter 2 Literature Review: Ethos and IPO

### *Ethos as dwelling in new contexts.*

In this chapter, I locate the theoretical underpinnings of rhetorical ethos and explain the research subject, initial public offering (IPO). As this research project involves an intersection between rhetorical ethos and business communication, especially the role of tertiary audience in relation to corporation reputation, I contribute a significant portion of this chapter to this intersection in order to set up a professional context for this study.

### **Enigmatic Ethos**

Ethos, the most potent appeal at the heart of the Aristotelian rhetoric, is evaluated by three criteria: *phronesis* (good sense), *arête* (good moral character), and *eunoia* (goodwill toward audience). Ethos is also one of the most enigmatic terms in the history of rhetoric. Rhetoricians from the past to the present have been conceptualizing and re-conceptualizing ethos. William M. Sattler (1947) divided ethos into subjective ethos (the character and personality of the speaker) and objective ethos (the portrayal of the character traits) (p. 56). George Kennedy explains ethos as the character of the speaker in a footnote in his 1991 translation of Aristotle's *On Rhetoric*, but changes the definition of ethos in that footnote to the projection of the speaker's character in his 2007 translation. The reason is, perhaps, that Aristotle is ambiguous and inconsistent. Arthur Walzer (1981) defines ethos as "the revelation of a writer's character through the rhetorical choices a writer makes" (p. 50). Michael Halloran (1982) considers ethos as the character

of the speaker that is cultivated through habituation. Charles Chamberlain (1984) conceptualizes ethos as “a quality of animate being which is like habit in that it prescribes predictable behavior, but something more in that it cannot easily be ‘re-habituated’” (p. 102). Nedra Reynolds (1993) describes ethos as a location that is socially constructed and negotiated between communities. Recently, scholars like Michael Hyde (2004) and Thomas Rickert (2013) conceptualize ethos as a “dwelling place,” which is culled from Martin Heidegger’s *Being and Time*. From ancient times to the present, scholarly discussions about ethos are continuous.

### **Ethos in Classical Rhetoric**

**Ethos in Character and Persona (Discourse).** Kennedy’s baffling translation of Aristotle’s ethos clearly indicates the binary of ethos as character versus persona. It looks like Kennedy settles on *persona*. Johnson (1984) points out that ethos is generally treated as *persona* in contemporary rhetoric, which follows the Ciceronian stylistic tradition. Johnson traces the origin of rhetoric and ethos, revealing the differences between the Platonic idealistic conception of ethos and the Aristotelian pragmatic definition. Plato believes that ethos is incarnated in the individual soul (Baumlin, p. xiii) and emphasizes moral education and considers perfect virtue as the prerequisite of persuasion. Similarly, Isocrates insists that the speaker needs to develop upright character in order to gain trust from an audience and asserts that “discourse becomes a revelation of character” (Baumlin, p. xv). For both Plato and Isocrates, ethos exists before/outside the speech and is also incarnated in the speaker. Plato uncompromisingly asserts that human speech must express the truth, which is incarnated in the individual speaker. This is to say: what you say must reflect who you are (with upright character)—no feigning. Aristotle’s scope of

rhetoric is not limited to the Platonic binary of Good and Evil but considers Good as relativistic—Good is a matter of choice. Aristotle considers ethos as a pragmatic strategy that makes the speaker’s character *look* good and therefore helps the speaker gain trust in an audience. James Baumlin (1994) comments: “If Isocratean tradition asserts the speaker’s need to *be* good, Aristotelian tradition asserts the sufficiency of *seeming* good” (p. xv, emphasis in original). In the Aristotelian rhetoric, the focus on *appearance*, *image*, or *mask* becomes obvious. Roger Cherry (1988) finds that in the Roman rhetorical tradition, ethos is also associated with *persona*, the theatrical mask, which exists in a literary tradition. For literary theorists, the central issue of persona is *authorial presence*. Some theorists consider persona as necessary because authors are not directly accessible in literary texts (implied author); the author is mediated through the persona. On the other hand, some theorists believe that authors are in fact present, so persona becomes a cumbersome barrier. Socrates also has an allegorical comment on *mask* in *Phaedrus* when he tries to criticize the sophist Lysias’s speech: “I shall cover my head before begin; then I can rush through my speech at top speed without looking at you and breaking down for shame.” Socrates finds his speech to be morally offensive, so he decides to cover his head.

The above scholarly discussions indicate that for Plato and Isocrates, a speaker needs to develop upright character before delivering a speech, and the speech is a revelation of the speaker’s character. In this sense, ethos exists in the body of the speaker. For Aristotle, the image of the speaker is the deciding factor in persuasion. Ethos becomes the image of the speaker’s character that is constructed in the audience’s mind through discourse choices. In this sense, the medium and audience perception are the

focus of ethos.

**Ethos in Community.** Aristotle advances Plato's individual psychology (fit individual audience's soul) to group psychology. Aristotle gives the stock types of audience to help speakers fit their speeches into a certain group's interests and values. Aristotle considers characters in terms of emotions (e.g., anger and desire), habits (e.g., virtues and vices), age of life, and fortune (e.g., good birth, wealth, powers) (Kennedy, 2007, p. 149). For example, in terms of age of life, young men are described as prone to desires, impulsive and quick-tempered, moody, and longing for superiority and victory. The young are less nostalgic about the past and are more trusting and easily deceived. On the contrary, the old are more nostalgic about the past and less hopeful for the future, more suspicious and cynical. They say nothing definitive, desire less, live a frugal life, and appear to be self-controlled. Aristotle's categorization presents a picture of *communities*. By advising the speaker to fit his/her speech to the character of a community, Aristotle suggests the power of ethos for persuading a group of like-minded people. The speaker needs to adapt him/herself to the audience's character in order to enhance his/her ethos.

### **Ethos in Contemporary Rhetoric**

**Ethos in a Habituating Gathering Place.** In contrast to the conceptualization of ethos as *persona*, scholars like Halloran argue that Aristotle's ethos refers to the character of the speaker. Halloran (1982) criticizes Louis Milic's rhetorical dualism, which focuses on rhetorical stylistics. Halloran treats ethos as the character that is cultivated through habituation. Halloran traces the Greek lexicon of ethos and imagines ethos as "a habitual gathering place" (p. 60) where people can share experiences and ideas. Through

habitually performing virtuous actions in this gathering place, people develop their characters.

Similarly, A. Miller (1974) traces the etymology of *ethos* and explains that it is “‘*an accustomed place*’ and in the plural may refer to the ‘*haunts* or *abodes* of animals’; it may also refer to ‘the abodes of men’” (p. 310, emphasis in original). Miller considers that the *polis*, “the social/political environment in which persons are trained in virtuous, habitual conduct” (p. 311), is where the character is shaped. And the habitual, virtuous actions are voluntary choices (Miller, p. 312).

Starting from Homer’s use of *ethos*, Chamberlain (1984) traces how *ethos* develops from its “primordial” meaning, “animals’ haunts” to “character.” Chamberlain discovers that Homer uses *ethos* three times in plural and in connection with animals. In *Iliad*, Homer describes a horse breaking free from the stable and returning joyfully to the places where it belongs. *Ethos* in the Homeric use refers to “the places where animals are found” (p. 97), and Chamberlain explains that Homer uses a horse as a symbol to refer to something both rational and irrational (p. 98). Through examining Hesiod’s, Theognis’s, and Herodotus’s use of *ethos*, Chamberlain reveals that *ethos* is gradually applied to human beings and shares both a singular and a plural meaning. This is similar to what Halloran (1982) calls “an individual and a collective meaning” (p. 62)—an individual person, a type of professionals, a country, and a culture all can have *ethos*. Chamberlain also elaborates on the “innate *ethos*” (p. 100), such as the innate nature of a horse. The innate *ethos* is susceptible to change (though change is difficult) if habituation can occur in early childhood. Chamberlain discovers that Aristotle’s *ethos* contains some of the primordial strands. Especially in *Eudemian Ethics*, book 2, chapter 2, Chamberlain finds

Aristotle's definition of ethos: "A quality of the irrational part of the soul which (quality) can follow the orders of reason" (p. 103). In this sense, ethos stands between the quality of animate being and rationality. James Baumlin and Tita Baumlin (1994) and Sheryl Braham (2009) view ethos from a psychological perspective: ethos might be imagined as *superego* that mediates *id* (the irrational part) and *ego* (the rational part).

**Ethos as Location.** Reynolds (1993) proposes to consider ethos as *location*. Reynolds disagrees with the view that ethos is embodied in a person or is constructed in solitude. Reynolds believes that ethos is socially constructed and negotiated in communities. Reynolds comments: "*Ethos*, like postmodern subjectivity, shifts and changes over time, across texts, and around competing spaces" (p. 326). Like Halloran (1982), Reynolds focuses on the gathering place where ethos is derived from: "its connection to space, place, or location—helps to reestablish *ethos* as a social act and as a product of a community's character" (p. 327). The space, place, site—which Reynolds calls "haunt"—is where a person's character is formed. Reynolds highlights that the "haunt" does not need to be a harmonious one. As members in a community hold different or opposing values, the ethos is constructed through members' shifting positions in the community and negotiating with each other. Reynolds draws on works of feminists to demonstrate how ethos is established through self-identification and articulation from marginalized positions. Drawing on Karen Burke LeFevre's (1987) and Kate Ronald's (1990) work, Reynolds finds that ethos can be constructed "between self and society, between writer and reader, between and among overlapping discourse communities" (p. 332).

**Ethos as Dwelling.** Recently, scholars like Michael Hyde (2004) and Thomas

Rickert (2013) explored the primordial meaning of ethos and moved the conceptualization of ethos as a “location” to the “dwelling place,” a term culled from Martin Heidegger’s *Being and Time*. Both Hyde and Rickert want to push the conceptualization of ethos beyond credibility. Hyde understands the dwelling place more from a discursive perspective. He defines ethos as the dwelling place “where people can deliberate about and ‘know together’ (*con-scientia*) some matter of interest” (xiii). Hyde calls our attention to ethos as dwelling in response to “the call of human being, of conscience” (p. xxi), which is an essential character of human nature. Hyde elaborates:

The call of human being, of conscience, calls us on to be rhetorical architects whose symbolic constructions both create and invite others into a place where they can dwell and feel at home while thinking about and discussing the truth of some matter that the rhetor/architect has already attempted to disclose and show-forth (*epi-deixis*) in a specific way with his or her work of art. (p. xxi)

Hyde’s conceptualization elevates ethos to a philosophical and spiritual level. It requires more understanding of the moral part of ethos. This understanding focuses on the consciousness, the subjective. In Rickert’s ambient rhetoric, ethos is considered as not only discursive but also material.

Ethos is tied to character and credibility, yes, but this also reflects a focus on the subjective. When we broaden the word, in accordance with the ancient Greek conception, we see that character and credibility themselves emerge from a way of life that is itself already embedded within locations, communities, societies, and environments and hence ‘spoken’ by them even as we create and transform them” (p. 222).

Rickert’s consideration emphasizes the material root of ethos. We are conditioned by materiality. Our thoughts and consciousness are derived from the material world. Our actions reflect how we find our dispositions in the world. Rickert considers rhetoric as social and ambient. It is dynamic and emerges from the exterior.

Rickert defines “dwelling” as “how people come together to flourish (or try to flourish) in a place, or better, how they come together in the continual making of a place; at the same time, that place is interwoven into the way they have come to be as they are—and as further disclosed through their dwelling practices” (p. xiii). His conceptualization of the “dwelling place” contains a sense of physical space. The dwelling place is co-created between people who find commonalities and are devoted to build a place for everyone to flourish. In the process of dwelling, affects and the material environment play important roles. But dwelling is not passively being changed or shaped. Rickert further explains that dwelling “is not simply an ensemble of practices or habits whose daily performance gets marked by the style we then associate with a particular community. Rather, dwelling indicates lived relations woven into complex ecologies of the world’s things and forces” (p. 224). This conception is different from the habitual gathering place that Halloran (1982) proposes. Rickert’s conception emphasizes the constraints in the material world and the ecological relations. In addition to the determining power of materiality, dwelling also requires a sense of agency.

To sum up, ethos as dwelling includes the discursive, the material, and the ecological dimensions. The discursive dimension of dwelling is conditioned by the materiality. Character and credibility are derived from the existing communities, practices, and events. The material dimension of dwelling also indicates the importance of emotion. When people try to find their dispositions in the world, inevitably they formulate feelings, and the feelings influence their dwelling practice. Last, dwelling is also ecological. We live in a social environment and are embedded in interwoven relationships. Dwelling requires us to live with complex and dynamic relationships.

## **Ethos in Contexts**

In addition to the definitional work in the rhetoric field, ethos—the analytical tool—is widely discussed in many other contexts. In the technical-writing field, Dorothy Guinn (1983) discusses how ethos is manifested in technical discourse syntactic choices. Robert Shenk (1995) examines the use of ethos in the writing of United States Navy. Campbell (1995) calls technical writers’ attention to constructing their ethos through character building (such as acculturating to a group of professionals) and cultivating ethics. Campbell (1998) also explores how rhetorical ethos could bridge communication between high-context and low-context cultures. Miller’s (2003) rhetorical analysis of an influential risk-analysis document, the Atomic Energy Commission’s 1975 *Reactor Safety Study (RSS)* discloses how ethos is reduced into expertise in risk analysis and results in distrust of the public. In the business area, Kallendorf and Kallendorf (1985) propose to add the fourth division of rhetoric—rhetoric of business communication—to the three Aristotelian divisions (e.g., deliberative, judicial, and epideictic rhetoric). The rhetoric of business communication is related to the stylistic construction of ethos. Through examining business speeches, Beason (1991) develops dimensions of “signalled ethos,” which may consist of “similitude” (the act of using similarities to connect the speaker and the audience), “deference” (the speaker’s ability to act in a courteous way toward his or her audience), “self-criticism,” “expertise,” and “the inclination to succeed.”

In assessing credibility, Kinneavy and Warshauer (1994) survey some modern studies: C. I. Hovland, Irving Janis, and Harold Kelley’s research confirms that good will, good sense, and good moral character are qualities for assessing credibility. James C.

McCroskey's research indicates that authoritativeness and character are the "only" important components of ethos. McCroskey also addresses the importance the audience's belief in the speaker's sincerity as an important factor for assessing credibility. Kenneth Andersen and Theodore Clevenger's research shows that some external factors of the speaker actually affect persuasion, such as the speaker's social status, appearance, voice of delivery, and the perceived sincerity. In social psychology, Robert Cialdini (2001) lists six tendencies of persuasion: reciprocity, consistency, social validation, liking, authority, and scarcity.

In digital settings, Bolter (1993) finds that voice in hypertexts is shifting and discursive, compared to the more stable ethos in ancient texts. In digital environments, texts come into existence upon delivery of hypertexts. Thus, when readers read a text and identify with the author's voice, the readers take control of the text, for example by raising and weaving their voices into the text as a response to the author. Hypertext is polyvocal. This distinction between persona/ethos in classical rhetoric and voice in hypertext demands new considerations of credibility. Gurak (1997) explains how ethos becomes a powerful determinant in persuasions that occurs in online communities where inaccurate, emotional messages are disseminated quickly. Gurak finds that online communities' participants tend to believe in what they can resonate with their existing values and ignore/discard disharmonious voices. Participants trust a message not because of the content's truthfulness or accuracy; rather, they rely on the shared values that they can identify in the message—usually the dominant value in the exclusive community. Warnick (2007) focuses on the digital settings and finds that online credibility evaluation is based on a field-dependent mechanism. This is to say, depending on their needs, online

users apply different evaluation criteria to assessing online sources.

### **Conclusion: Ethos as Dwelling in New Contexts**

The above review indicates some of the binaries of ethos. For Plato and Isocrates ethos is embodied in a speaker; the speaker needs to develop upright character to gain trust from audience. For Aristotle the medium (the speech) that conveys the speaker's character is more important. For Roman rhetoricians like Cicero ethos is more like a theoretical mask, while Quintilian's formula "good man skilled in speaking" emphasizes the moral character of a speaker. Tracing history, I see that ethos traveled from the speaker's body (Plato and Isocrates) to the communication medium/discourse (Aristotle, Cicero, and Quintilian). Is ethos a real thing? At least Jim Corder (1989) who wrote the article, "Hunting for Ethos Where They Say It Can't Be Found," believes so.

Contemporary scholars' conceptualization of ethos contains more a sense of social community. Halloran's (1982) conceptualization of ethos as "a habitual gathering place" (p. 60) emphasizes the shared cultures, values, beliefs, and customs. Reynold's (1993) definition of ethos as location focuses on ethos as communities that are socially constructed. In this sense, ethos is a social act and a product of a community's character.

Hyde's (2004) and Rickert's (2013) recent conceptualization of ethos as dwelling opens a wider territory for ethos. Dwelling is not only discursive but also ecological. Dwelling is conditioned by materiality and is related to affect and ecologies. From the speaker's body, to the speech, to the social community, to dwelling, ethos evolved as the context is changing. Baumlin (1994) admits that the term ethos is influenced by the Cartesian tradition and may evolve in a post-Cartesian age (p. xxiii). In his seminal work *The Presentation of Self in Everyday Life*, sociologist Erving Goffman cautions that the

Western framework of impression management may not be applicable across cultures. For example, in China elaborate meals may be served in plain restaurants, and delicate silk may be wrapped in old brown paper (p. 157). Based on Goffman's caution, should we consider exploring ethos in new contexts, even in complex situations where cultures and values clash? James Zappen (2012) observes that even Aristotle himself realizes that his ethos appeal is limited to the context of Athenian society where an Athenian speaker tries to identify with Athenian audiences, and it is necessary to consider a particular audience from a different culture (p. 747).

I tried to find the counterpart of ethos in the Chinese language. I input "ethos" in Baidu (a Chinese search engine) translation, and got the Chinese words "气质 (disposition); 民族精神 (national spirit); 社会思潮 (social trend)." I input "ethos" in Google translation and got "社会思潮 (social trend)." To some extent, the meaning of ethos as a speaker's character, a community's character, and a social act are reflected in the Chinese translation, but still there is no exact counterpart of ethos in the Chinese language.

In this dissertation project, I relied on the Rickert's conceptualization of ethos as dwelling, which incorporates both discourse and materiality. Especially, I attended to the ecological and affective aspect of dwelling. I used Jenny Edbauer's (2005) regional rhetorics, which emphasizes the network of affective ecologies comprised of material experiences and public feelings, to investigate ethos as dwelling in a new context, the IPO in the U.S.

## **IPO in the U.S.**

### **Introduction**

Initial public offering (IPO) is a sale of a company's stocks to the public for the first time. Through this process, a private company raises capital and transforms into a public one. IPO rules and regulations differ in countries. The major difference between an IPO in the U.S. and an IPO in China is the disclosure policy. In the U.S., in order to protect investors' benefits, the Securities and Exchange Commission (SEC) requires companies to disclose as much as possible. But as long as the company discloses, even a "flawed" company can have a chance to go public. In this sense, U.S. IPO regulations focus on the future of the company. The Chinese SEC has stricter rules on companies. A company that intends to go public needs to be "flawless"—problems in finance, management, corporate governance, etc. need to be solved before the company can go public. That is to say, Chinese IPO regulations emphasize the company's past. As a result, it takes a company longer to go IPO in China than in the U.S. An IPO involves four major participants: broker (selling the stock shares/pricing), lawyers (writing the prospectus/taking legal responsibilities), accountants (disclosing financial information from the issuing company side), and investment relationship staff—IR (monitoring and managing media coverage).

In the U.S., a company's IPO takes several steps. First, the company needs to file a registration statement at the SEC, typically using Form F-1. An important part of the F-1 form is the "prospectus" that will be used to solicit investors. Until the SEC approves the prospectus, the company cannot sell their shares to the public. While the SEC reviews the prospectus, the company is responsible for disclosing more information upon the

SEC's request. The SEC's job is making sure all the risks involved in the company's IPO are disclosed sufficiently so investors are aware of their investment. The SEC review period is also called the "quiet period," in which the company is restricted from publicizing any information related to the company's IPO to the public. Nowadays, the "quiet period" can be turned into a massive-media coverage period, for important IPOs. As the company is not allowed to "speak," journalists and financial writers read the prospectus and offer their interpretations to potential investors, usually in online publications. After the company amends its prospectus several times and when it is near the SEC approval, the company releases a "roadshow" video<sup>24</sup> which is a video-recorded presentation based on the company's prospectus. This video targets retail investors since their access to the company's information is limited compared to institutional investors such as big mutual funds. The video can take various formats, depending on the company's intention. While releasing the video online, the company launches their roadshow, which are private meetings held in various sites for investors to meet with the company representatives and ask questions about the IPO. The roadshow signals forthcoming SEC approval. Once the SEC approves the prospectus, the company sets the offering price and starts trading.

### **IPO Prospectus**

The core of an IPO is the prospectus, which is a lengthy (approximately 200 pages), legal (companies and lawyers take full responsibilities) document. The writing of

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<sup>24</sup> The use of electronic offering (e.g., online preliminary prospectus) and "roadshow" video was started in 1999 by a couple of U.S. companies. In 2000, the SEC Commissioner Paul Carey officially announced SEC's response to the use of electronic technologies in IPO (<http://www.sec.gov/news/speech/spch446.htm>).

the prospectus is a collaborative work, involving underwriters, legal counsel, and auditors (Hanley & Hoberg, 2008). The U.S. Securities Act of 1933 stipulates information required in the prospectus. The SEC offers the F-1 form as the basic template for writing the prospectus. The SEC review staff focuses on whether the company's disclosure appears to conflict with the SEC rules. But the SEC does not guarantee that the company's disclosure is complete or accurate. Nor does the SEC evaluate the quality of the company to offer investment suggestions. Potential investors need to read the prospectus and make their own decisions. Usually, potential investors are advised to read at least ten sections: prospectus summary, risk factors, use of proceeds, dividend policy, dilution, selected financial data, management discussion and analysis, business, management, and financial statements and notes (U.S. Securities and Exchange Commission, 2013).

From a technical-communication perspective, the IPO prospectus is a good technical-writing example. There is no doubt that the prospectus is persuasive because it is used to solicit investors—it is rhetorical. The prospectus is also plain in style. The SEC implemented the plain English rule in October, 1998 (Loughran and McDonald, 2014). This rule requires a company to file a registration statement in plain English, write the remaining sections of the registration statement (prospectus) in a clear, understandable manner, and design a registration statement in a visually inviting and easy-to-read manner. Sentences in the prospectus need to be written in short, definite, concrete everyday language, and in active voice. Tables are used for displaying complex information, and no legal jargon or multiple negatives should be used in the prospectus (Loughran and McDonald, 2014, p. 96). Additionally, the prospectus is a multi-genre

document. It contains elements that have been researched separately, such as the mission statement (e.g., Williams, 2008; Amato & Amato, 2002), the financial report (e.g., Slattery 2014), a letter from CEO to the shareholders (e.g., Hyland, 1998; Poole, 2014), and the use of visuals (e.g., Karreman et al, 2014). In terms of audience, the primary audience (action takers) of the prospectus is potential investors. The secondary audience (advisors) is accountants, brokers, and the management team. The tertiary audience (evaluators) is news reporters, politicians, and researchers. The gatekeepers (supervisors) are the SEC. The IPO prospectus is widely studied by researchers in business in relation to pricing, except for a few researchers like Lamertz and Martens (2011), who investigate the rhetorical construction of the IPO firm's images. But the IPO prospectus is still a little covered area in technical communication. Carolyn Rude (2009) articulates the central question of research in technical communication as "how do texts (print, digital, multimedia; visual, verbal) and related communication practices mediate knowledge, values, and action in a variety of social and professional contexts" (p. 181). As the IPO prospectus is used to persuade investors, it should be considered as a research subject in the field of technical communication.

### **Other Components**

In addition to the IPO prospectus, electronic roadshows, face-to-face roadshows, and media coverage are also important IPO components. An electronic roadshow targets retail investors, while the face-to-face roadshow targets institutional investors. An electronic roadshow is offered by an IPO company to the public before launching its face-to-face roadshow. The video is a remediation of the IPO prospectus. Basically, the video conveys information in the prospectus in a multimodal fashion by adding motion

pictures, audios, speaker's gestures and gazes, etc. It is possible that the video compensates for some aspects of the prospectus where words fail to convey, especially in terms of emotional appeal. The face-to-face roadshow probably offers the most valuable information because after a long time digesting information in the prospectus, interested investors finally see the company representatives and can ask them questions in person. To some extent, a roadshow is like the Roman forum, where people listen to speakers talk and assess their credibility. Face-to-face roadshows are private and media exclusive. Nevertheless, we can get a sense of Alibaba's roadshow from media report pieces. Last, to manage investor relations (IR), as Laskin (2009) finds, more and more companies turn to monitor mass-media coverage.

### **Intersection between Rhetorical Ethos and Business Communication**

Next, I will explain the relationship between rhetorical ethos and business communication, especially the role of tertiary audience in relation to corporation reputation, in order to set up a professional context for this study.

### **Revisionist View of Ethos in New Contexts**

Ethos in classical rhetoric is conceptualized as an interaction between the speaker and the primary audience: the speaker cultivates a character that shares commonalities with the "good character"; the speaker presents a persona that appeals to the primary audience community. In this sense, both the character and the community seem to be pre-established. Due to technological constraints, ethos is used in classical rhetoric under the circumstance where both the speaker and the primary audience are present. But in Alibaba's case, the speech context is changed from the physical (the forum) to the digital (the Internet). This is to say, if we imagine Alibaba as the speaker, then the IPO

prospectus becomes the speech in classical rhetoric. As Alibaba's IPO prospectus is updated online periodically, the Internet becomes the counterpart of the forum in classical rhetoric. The primary audience (the potential investors) receive the IPO prospectus (the speech in classical rhetoric) in this digital setting. In addition to the speaker, the speech, and the primary audience, another group of participants—the news media and high status actors (e.g., politicians)—emerged in Alibaba's persuasive activity. This group of participants, the tertiary audience, as they are called in technical communication, becomes an interesting feature in Alibaba's IPO. One issue we might consider is whether and how Aristotelian ethos (the most influential conceptualization of ethos) is limited to the new forum context (the digital) and the new group of participants (the tertiary audience).

Aristotle advises speakers to fit their speeches to the interests and values of the audience's character, which is classified in terms of emotion (e.g., anger and desire), habits (e.g., virtue and vices), age of life, and fortune (e.g., good faith, wealth, powers) (Kennedy, 2007, p. 149). From the perspective of technical communication, Aristotle presents a user-friendly communication design, in which the designer (speaker) tries to meet the needs of the users (audience). In this sense, ethos is invented/designed based on an assumption that the audience community is pre-established. But is it possible that ethos and the audience community are co-created in the process of persuasion? Nedra Reynolds (1993), from a feminist stance, considers ethos as a location that is socially constructed and negotiated between communities. Reynolds further comments: "*Ethos*, like postmodern subjectivity, shifts and changes over time, across texts, and around competing spaces" (p. 326). In addition to the conceptualization of ethos as a location,

Reynolds points out how ethos can be formed in a dynamic environment. In Alibaba's case, is it possible that Alibaba's ethos is co-created among the speaker, the tertiary audience, and the primary audience? How can the tertiary audience influence the primary audience's perceptions of "good character" and the formation of audience communities?

In the Aristotelian tradition, ethos is presented as unidirectional: invented by the speaker and then delivered to the audience. But in Reynolds's (1993) conceptualization, ethos is perceived as more dynamic, interactive, and maybe dialectical. Johanna Schmertz (1999) further claims: "ethos for feminism as neither manufactured nor fixed, neither tool nor character, but rather the stopping point at which the subject (re)negotiates her own essence to call upon whatever agency that essence enables" (p. 86). In addition to emphasizing the dynamic nature of ethos, Schmertz emphasizes the conception of ethos as a "dwelling place," the term Thomas Rickert (2013, p. 222-224) culled from Martin Heidegger to conceptualize ethos and to explain how ethos can enable agency. Elisabeth Hoff-Clausen (2013) also discusses how affording audience rhetorical agency through a speaker's active listening (in addition to inviting audience participation) can help build trust. Building on Reynolds's (1993) consideration of ethos as dynamic, Schmertz's (1999) assertion about how ethos enables agency, and Hoff-Clausen's (2013) observation of active listening in trust-building, we may see that Alibaba's ethos is negotiated between Alibaba and the potential investors. Alibaba revises its IPO prospectus periodically, as requested by the SEC, which serves to protect the potential investors. In this sense, the revision could be a response to the potential investors' concerns. But, potential investors' reactions to Alibaba are not formulated totally on their own. The tertiary audience, who paraphrase, interpret, analyze, and criticize Alibaba's IPO

prospectus, performs as a platform between Alibaba and the potential investors. Next, I draw on business research outcomes and connect them with rhetoric and technical communication to explain how the tertiary audience can shape corporate ethos. In this way, I establish the context for Chapter 4 on online tertiary audience reactions.

### **Tertiary Audience: Providing a Platform for Ethos Formation**

In technical communication, the term “tertiary audience,” also called “evaluators,” is used to describe readers of a document who are interested in commenting on the document. The tertiary audience may include journalists, auditors, politicians, lawyers, community activists, and environmentalists. In the business field, scholars discuss a similar audience group but use different terms. David Deephouse (2000), a business management scholar, points to “information intermediaries” such as media, rating agencies, and government agencies who can impact shareholders. Timothy Pollock and Violina Rindova (2003), business and organizational behavior scholars, summarize that “information intermediaries” such as media and financial analysts can influence market outcomes by serving as a bridge between a firm and its shareholders and by influencing shareholders’ perceptions of the firm’s legitimacy. Timothy Pollock, Violina Rindova, and Patrick Maggitti (2008) further summarize that “information intermediaries” and “central, powerful and high-status actors” (p. 335) can influence shareholders’ decisions and shape market outcomes. Drawing on the similar characteristics between “information intermediaries” and “high-status actors” in business and organizational research and the “tertiary audience” in technical communication, I define the online business news media reactions, and some of the reactions from rating agencies, financial analysts, politicians, and government agencies in Alibaba’s IPO case

as “tertiary audience reactions.” Drawing on the research outcomes in the business field, I consider that tertiary audience reactions can influence investor decisions and shape market outcomes.

Despite the possible bias in media reports, business researchers find that shareholders still “rely on” media. Deephouse (2000) explains that because some shareholders lack direct experience with a firm, they turn to information intermediaries such as media. Therefore, the media help those shareholders to “reduce information asymmetry” (p. 1098). Craig Carroll (2011), a corporate reputation scholar, further explains that “when people lack first-hand knowledge of a firm and thus are operating under conditions of uncertainty, they rely on others, such as the news media, for data, even if most of the data they receive are general, nonspecific impressions” (p. 202). Deephouse’s and Carroll’s comments explain why some shareholders who are unable to access first-hand information rely on the media. This is true for retail investors in IPOs because those investors do not have the resources to conduct comprehensive research on a firm by themselves and may have difficulties in comprehending the IPO prospectus, even it is required to be written in plain language. To facilitate their decision-making process, retail investors naturally turn to media to reduce information asymmetry. Not only retail investors, but also elite investors such as institutional fund managers, are influenced by media. Aeron Davis’s (2006) empirical research on fund managers operating on London Stock Exchange reveals that although those managers claim to consume media information actively and are rational in their approach, they are still “reliant on non-rational data and cognitive processes” (p. 610). Charles Fombrun and Mark Stanely (1990) speculate: “it may be that publics turn to the media because

information is either too difficult to obtain from these firms directly or is seen as unreliable when it is so obtained” (p. 253). In sum, the above researchers indicate that shareholders/investors indeed are influenced by tertiary audience’s reactions (e.g., media reports).

However, the media do not merely provide information. Fombrun and Stanely (1990) point out that media “act not only as vehicles for advertising and mirrors of reality reflecting firms’ actions, but also as active agents shaping information through editorials and feature articles” (p. 240). Fombrun and Stanely’s comments on media impact on the audience from a business management perspective resonates with Carolyn Rude’s (2009) conceptualization of technical communication, which focuses on not only transmitting information but also how texts can “mediate knowledge, values, and actions in a variety of social and professional contexts” (p. 181). Drawing on the business researchers’ opinion and the technical-communication scholar’s claim, I see that media reports such as editorial and feature articles can shape information and impact audience’s perceptions. More directly, Pollock and Rindova (2003) find in their empirical study on media legitimation effects in the market for initial public offerings that “in a market such as the IPO market, with many sophisticated and skeptical buyers, it is media-provided rather than company-provided, that has the credibility and/or reach necessary to influence investor behaviors systematically” (p. 640). This finding strongly points out the critical influence of media on investor behaviors and market outcomes. Applying this finding to Alibaba’s IPO case, I see that the media reports on Alibaba’s IPO and its IPO prospectus may have a significant influence on potential investors. On the other hand, we need to notice that media reports are restricted to information that the company provided such as

the IPO prospectus. Therefore, for IPO companies like Alibaba, producing and providing appropriate information in their IPO prospectus and through their business performance may help those companies manage the media-provided information that can impact potential investors.

Furthermore, business researchers have made claims about the relationship between media influence and shareholder's perception of a firm. The term "media exposure" is used to describe media coverage of a firm. The term "corporate reputation" is employed to describe a firm's credibility. The term "media reputation," developed by Deephouse (2000), is used to refer to "the overall evaluation of a firm presented in the media" (p. 1091). Fombrun and Shanley (1990) and Steven Wartick (1992) find correlation between a firm's media exposure and its corporate reputation, while Deephouse (2000) asserts that media reputation increases corporate performance. Deephouse's (2000) term "media reputation" is similar to the Aristotelian tradition of ethos, which is the speaker's character presented in the speech. In Aristotelian ethos, the speech functions as a "mask" that presents the speaker's character and therefore demonstrates the speaker's credibility. In "media reputation," the media "provide a forum where firms and stakeholders debate what constitutes a good firm and which firms have good reputations" (Deephouse, 2000, p. 1097). Drawing on the conceptualization of ethos as a "dwelling place," I see that Deephouse portrays media in "media reputation" as a platform for corporate ethos to be built through a dynamic interaction between two communities, the firm and its stakeholders. In this sense, corporate ethos is not designed as in Aristotle's unidirectional mode of persuasion. Ethos is negotiated dialectically between communities. Deephouse further points out that media reputation is "valuable,

rare, nonsubstitutable, and imperfectly imitable” source (p. 1106). Deephouse asserts that “[media] reputation develops over time through a complex social process involving the firm and its shareholders” (p. 1098). Deephouse’s assertion about “media reputation” resonates with Reynolds’s (1993), Schmertz’s (1999), and Hoff-Clausen’s (2013) stance on ethos as negotiated between communities. In this sense, ethos is not a pre-designed tool or a mere persona; ethos is a product merged from social interaction between communities. Here, business research outcomes on “media reputation” shed light on rhetorical studies on ethos, especially by suggesting that media are a platform, a possible “dwelling place,” for ethos to be developed.

However, although business research on “media reputation” indicates the relationship between media reports and audience perceptions of a firm, how the media influence audience perceptions is not fully explored through research in the business field. We know that media function as a “platform” for “media reputation” to form (rhetorically, a “dwelling place” for ethos to be developed), but it is not quite clear how this “platform” functions between a firm and its audience. Previous research in business indicates that the media may influence the audience through transmitting information and providing interpretations of the firm. Deephouse (2000) refers to the evaluative dimension of media reporting as “media favorability” (p. 1097) and Carroll and Maxwell McCombs (2003) categorize media’s overall assessment of a firm as “favorable,” “unfavorable,” and “neutral” (p. 40). Craig Carroll and Maxwell McCombs (2003) further define “media favorability” as “the sentiment of a particular news story about an object from the perspective of the object” (p. 40). This is to say, even if the evaluation is delivered in a favorable tone for the public, it is still unfavorable if it does not benefit the

firm. This sentiment provides cues for readers to judge the portrayal of a firm in the report. Those business research outcomes focus on the overall evaluation and sentiment in news reporting, which imply the rhetorical power of media in linking the firm and its audience. More rhetorical analysis could be applied to further reveal how media functions as the “platform” between a firm and its audience. One hypothesis is: by disseminating information and spreading interpretations about a firm, media form communities among the audience who will act together toward the firm.

### **Tertiary Audience: Cultivating Communities**

“Community” is important for ethos construction in the Aristotelian tradition, in which the audience in a physical forum is in the same physical location (e.g., the same *polis*). Aristotle divides those audiences into stock character groups and instructs rhetors to design their speeches in a way that appeals to those audiences’ shared values and habits. In her study of Lotus MarketPlace and the Clipper chip cases, Laura Gurak (1997) considers “community” in electronic settings as a “virtual place where people with common values gathered around an issue and took action” (p. 37). This is to say, when moved from the physical to the virtual, shared values became more important in determining a “community” than the physicality. Gurak’s definition of “community” in electronic settings points out the importance of shared values in “community” formation, but the issue left is whether people with shared values gather in a virtual place to form a “community” or a virtual place cultivates shared values among people who consequently form a “community.”

James Zappen, Laura Gurak, and Stephen Doheny-Farina (1997) find that rhetoric and community change their faces in cyberspace:

Traditional rhetoric focuses its attention upon a single rhetor (or perhaps a single rhetor each in turn) seeking purposely and intentionally to persuade an audience within a single community upon the basis of shared beliefs and values. We found in our colloquium in the MOO a kind of rhetoric and a kind of community that seem to us to be quite unlike anything that we see in the mainstream of the tradition—a rhetoric and a community characterized by a multiplicity of languages and perspectives and a consequent challenge to the rhetor to find the opportune moment to enter into and influence the course of a discussion. (p. 415)

In the Aristotelian tradition, persuasion is conducted in a unidirectional way, which is kind of predictable and controllable. Aristotelian persuasion is like a system “user-friendly” design in technical communication: the speaker invents his speech in a way that appeals to the mainstream culture of the audience group, which is portrayed as stock characters. Admittedly, due to technological changes, the Aristotelian tradition of rhetoric does not focus on the dynamic interaction between a speaker and audience. But cyberspace provides a different “forum,” which accommodates a collection of multiple perspectives, different languages, and clashing opinions. Using Mikhail Bakhtin’s concept, Zappen, Gurak, and Doheny-Farina call this mix “heteroglossia” (p. 272), which is the premise for dialogism. This new “forum” accommodates more dynamic interactions among participants in the “forum,” who are more likely to be the audience rather than the speaker. Those participants form a community in the new “forum.” The focus of rhetoric in this new “forum,” as Zappen, Gurak, and Doheny-Farina point out, is finding the opportune moment to enter into a rhetorical community and shape its discourse. We may also see that rhetoric is changed from a user-friendly design in Aristotelian tradition where the speaker is the focus to a user-centered design in cyberspace where the audience is the focus.

Zappen, Gurak, and Doheny-Farina’s conceptualization of rhetoric in cyberspace

(i.e., digital rhetoric) is applicable to the Alibaba IPO case. The cyberspace provides a “forum” for the tertiary audience (e.g., news media and high-status actors) to talk about this speaker (Alibaba) and for the primary audience (the potential investors) to listen and observe the speaker. My observation of the online news media reactions to Alibaba’s IPO indicates the clash of perspectives and languages—the “heteroglossia.” Media coverage on this IPO even looks like a carnival—people were excited about discussing this “controversial” company. It is noticeable that the main participants in this “forum” are the tertiary audience, while the primary audience (potential investors) participate by “listening” and making their purchasing decisions. The speaker, Alibaba, was not officially allowed to participate due to the “quiet period” rule. Alibaba was constrained by a more Aristotelian tradition of persuasion—designing and delivering their IPO prospectus and electronic roadshow to persuade its audience. Nevertheless, as mentioned in Chapter 1, Alibaba took risks to refute *The New York Times*’s online articles—Alibaba tried to enter this online discussion community. Zappen, Gurak, and Doheny-Farina point out that the key to persuasion in cyberspace is to find the opportune moment to enter the community and shape the discourse. We might ask, if Alibaba was not allowed to “speak” during the IPO period, how could the company enter the online discussion community and then turn the discussion to a direction that will benefit the IPO?

One of the features in the online discussion community in Alibaba’s IPO case is the tertiary audience, which is not anticipated in Aristotelian tradition. The tertiary audience is not clearly depicted in the digital rhetoric that Zappen, Gurak, and Doheny-Farina conceptualize, but it is clearly critical to Alibaba’s IPO. Drawing on Caroline Miller’s (2001) conceptualization of ethos, “a product of the ongoing performance itself,

made on the fly, in the course of interaction” (p. 269), James Zappen (2005) considers that ethos can be formed between communities of speakers and listeners and even the computer’s structures (p. 323). Zappen points out the important relationship between online and offline communities: “the formation of communities of shared interest is an outcome of the processes of interactions, both online and offline, between ourselves and others” (p. 323). Zappen also points out a “the more, the more” relationship (p. 323), which means what is cultivated online is more likely to become true offline.

Drawing on Zappen’s (2005) observation about community, I find that if a company needs to cultivate a community of investors who will purchase its stock, they may work at trying to form such a community of investors online. The interest shared in the online community of investors can transform into interests and actions in the physical world. Nevertheless, the online community of interested investors may not be visible online. What is visible is the tertiary audience community because of their presence (e.g., online news reports). The tertiary audience becomes a visible community that cultivates shared interests and values among potential investors who will finally form purchasing communities in the physical world. Next, I draw on business research outcomes to demonstrate how media can shape investors’ interest and influence their actions in the physical world.

Aeron Davis’s (2006) study of a rational audience, professional fund managers on the London Stock Exchange (LSE), indicates that this elite audience is not homogenous. They are conscious individuals who consume media in response to their own interests and benefits. However, “their responses can, in aggregate, be both mass and irrational” (p. 605). Davis’s observation of this “interpretative community” on LSE

indicates that even professional managers who are rational investors may be influenced by media and consequently involve themselves in communities that appear to be inconsistent with the rational thoughts they assume to hold before consuming media information. Davis (2005) further explains: “individuals are in a position where they may respond to information by rationally choosing to follow or avoid ‘the herd’ as a strategy for increasing individual profits” (p. 613). Davis (2005) classifies media (especially electronic media) effects on stock markets into categories: “consensus media effect,” “anticipatory media effect,” and “panoptican media effect.” The media are considered by professional fund managers as a resource for anticipating what other professional fund managers are doing. Davis observes that professional fund managers seek the majority opinion from the media in order to stay in a consensus community (p. 314). For some short-term investors, they try to act ahead of the consensus opinion that the media will report in order to increase their own profits (p. 315). As electronic media spreads information fast and reaches a wide range of audiences, some professional fund managers choose to flow with the media. As more professional fund managers act together, they form a “herd” that can cause large-scale market shifts (p. 318). The “herd” here is similar to the term “community.” Here, we can see that even professional fund managers seek media information to locate or form communities that can benefit their individual goals. It is very likely that retail investors who lack first-hand information and experience with a company are also influenced by media reports.

Pollock, Rindova, and Maggitti (2008) consider “community” in the financial market as “a group of market actors who all participate in the same activity and pursue broadly similar goals, perform broadly similar roles, and follow broadly similar norms in

the pursuit of their market objectives” (p. 335). In this definition, “community” does not possess a sense of pre-shared interests and values. “Community” is portrayed more like a group of actors who gather to pursue the same goal. Drawing on Davis’s (2005, 2006) observation, I consider that the professional fund manager communities are groups of investors whose investing decisions are shaped by media information. In other words, those fund managers are more likely to act together as a community as a result of being influenced by media information rather than acting as a community based on their pre-established perceptions of a company. On the other hand, is it possible that by taking certain actions toward a company, those fund managers also modify their original perceptions of the company?

On the whole, “community” is crucial to ethos construction and success in persuasion. In the Aristotelian tradition, a speaker invents and delivers a speech that appeals to an audience that comes from the same community and shares similar values and beliefs. Not much dynamics or interaction appears in the Aristotelian audience community. Thus, the speaker is more likely to anticipate and manipulate the audience. Nevertheless, “community” changes its face in digital settings and on the financial market. Zappen, Gurak, and Doheny-Farina’s (1997) present a heterogeneous discussion “community” in cyberspace, which focuses on competing perspectives and languages. The challenge for a rhetor is to find the opportune moment to enter the community and shape the discourse. Research on the financial market further indicates that professional fund managers act together as a “community” in response to media information.

Therefore, in Alibaba’s IPO case I consider Alibaba as the rhetor who tries to find an opportune moment to enter into the online forum discussion formed by the tertiary

audience and shaping the online discourse toward the IPO. Major participants in the online forum are media reporters and high-status actors, while potential investors “listen” to the online forum discussion and decide how to act. Once the potential investors form communities based on the online forum discussion, they may act together as offline communities toward the company. This is how I see that the tertiary audience may shape corporate ethos by cultivating communities. Different from the Aristotelian tradition, the rhetor in this case does not focus on conforming to the audience’s values and habits. The success of Alibaba’s IPO may indicate how rhetors successfully persuade the audience into modifying their original values and habits by accepting the rhetor’s. Craig Smith (2004) calls such persuasion “the most powerful” (p. 13). Carolyn Skinner’s (2009) study of how Mary Gove lectured on anatomy and physiology, unconventional subjects in the 19th century, also demonstrates how a rhetor crafted her audience’s ethos by describing her audience in a way that is beneficial to her own research agenda.

In sum, I consider that tertiary audience (e.g., the online media and high-status actors) can serve to cultivate communities offline who will take actions together toward an object. The rhetor in this case faces the challenge of entering into the online forum developed by the tertiary audience and shape the online discourse that will direct the primary audience’s actions. If the rhetor successfully directed the tertiary audience to cultivate offline communities that will act in a way to benefit the rhetor, then the rhetor may have successfully crafted the ethos of the primary audience who decide to share similar values and habits with the rhetor—this is also to say that the primary audience and the rhetor share the same ethos.

### **Tertiary Audience: Building Salience and Circulating Emotion**

In discussing how news media impacts corporate reputation, business researcher Craig Carroll (2011) highlights the power of news media's overall evaluative tone.

Drawing on previous attribute affective priming research, Carroll emphasizes that news media's overall evaluative tone provides an audience with cues for judging the portrayal of a firm and gradually prime audience's attitudes and opinions. Carroll further explains:

On a broad level, attribute research suggests the news media establish standards that audience employ to judge a firm. These "standards" emerge from the tone in the symbolic environment surrounding an object which provides cues for its interpretation. The association between the information and another topic is not explicit; nor does the audience necessarily need to infer the association as intentional. (p. 203)

From a rhetorical perspective, here Carroll points out the power of pathos's appeal in swaying the audience's opinions. In Carroll's observation, the overall tone, affect, and emotion surrounding a firm that are covered in the news report constitute a sort of "environment" that conditions audience's mind. Consequently, "standards" emerge from the environment, the prime audience's judgment of a firm changes, news reports accumulate, and gradually set up a public agenda if masses of audience interpret the firm in a similar way. Particularly, Carroll points out the critical influence of this "environment": "if a stream of articles where a firm is mentioned contains 80 percent negative content unrelated to the firm, audience may still derive negative affect about the firm from the stream of articles, even if the remaining 20 percent of content was positive and specifically about the firm" (p. 204). From a comprehension perspective, Carroll points out how the media can set up an emotional ecology to frame audience's understanding of media reports. The focus on "environment" in Carroll's study

corresponds to Rickert's (2013) emphasis on "ecology" in his conceptualization of ethos as a "dwelling place": "dwelling indicates lived relations woven into complex ecologies of the world's things and forces" (p. 224). In this sense, ethos is not just tied to the speaker's character and credibility but also is derived from complex environments. News media, especially online news media, can set up such an ecology based on its speed, reach, and interactivity to gradually frame the audience's perception of a firm (Gurak, 2001).

Furthermore, Carroll and McCombs (2003) elaborate on the media agenda-setting effects of business news on corporate image, explicating how media builds "salience" in the public agenda. Carroll and McCombs state: "The core proposition of agenda-setting theory is that the prominence of elements in the news influences the prominence of those elements in the public" (p. 36-37). This is to say, "the salience of elements on the news agenda influences their salience on the public agenda" (p. 37). Carroll and McCombs describe two levels of agenda-setting. The first level is about building salience of "objects" (p. 38), such as the key topics/issues/themes surrounding a firm. Carroll and McCombs consider this level as getting "attention" (p. 37) from the audience. After getting attention, the media builds salience of the "attributes" of the object (p. 38). Carroll and McCombs reveal that the second level focuses on "comprehension" (p. 37). This is to say, after focusing the audience's attention on some issues of the firm, the media elaborates on the features of those issues. According to Carroll and McCombs, such elaborations can be "substantive" and/or "evaluative" (p. 37). "Substantive" attributes are factual and informative, while "evaluative" attributes are interpretative and affective (p. 37).

From a rhetorical perspective, Carroll and McCombs's understanding of how news media creates "salience" to influence audience's perceptions of a firm's reputation resonates with Richard Vatz's (1973) conceptualization of how a rhetor creates "salience," which invites audience's actions. Different from Lloyd Bitzer (1968), who considers that rhetorical situations are realistic and invite a fitting response, Vatz considers that rhetorical situations are created by the rhetor who gives interpretations of the issue and builds salience that induces audience's actions. This is to say, in Alibaba's IPO case, how the online news media portrays the company and issues relevant to its IPO can create a rhetorical situation, perhaps what people call the "momentum" in investment, in which masses of investors act together. On the other hand, if we disregard Vatz's conceptualization of rhetorical situations and take Bitzer's, we will find that in Alibaba's IPO case the rhetorical situation existed already—it is realistic. What news media reported was culled from the IPO prospectus and related materials. In this sense, although the news media has its priming power of the rhetorical situation, the company is still the initiator of the IPO event. To mediate the debate about rhetorical situation between Bitzer and Vatz, Scott Consigny (1974) proposes to consider rhetoric as "a 'heuristic' art, so it allows rhetor to discover real issues in indeterminate situations. It is also a 'managerial' art, providing the rhetor with means for controlling real situations and bringing them to a successful resolution or closure" (p. 180). In Alibaba's IPO case, the company as the rhetor was faced with the indeterminate situation of tertiary-audience influence such as online news media reports, but the company still had some agency to control real situations (e.g., the IPO and the online tertiary audience reactions) and invite favorable audience responses to its IPO.

In sum, drawing on business research on media agenda-setting effects on corporate reputation and studies in rhetorical situation, I find that tertiary audience such as the news media can create a subjective ecology surrounding a company in cumulative media reports. The priming effects take two levels: (1) creating salience of topics/themes/issues surrounding a company and focusing audience's attention on this salience; (2) establishing salience on the attributes of those topics/themes/issues and influencing audience's comprehension. The creation of second-level salience includes factual or evaluative information. The evaluation pieces circulate certain tones in the news media reports, which gradually transform into the audience's attitude toward the company. Nevertheless, rhetorical studies point out that companies can still have agencies to manage the news media's priming power and turn the situation to favor the company.

### **Tertiary Audience: Influencing Trust-Building in Investor Relations**

The above literature review of business research outcomes and rhetorical theories on ethos indicate how tertiary audience can shape corporate ethos. Furthermore, the major force of the tertiary audience, news media, is considered to play an important role of trust-building in investor relations (IR). In Alexander Laskin's (2009) national study of the IR profession in the U.S., IR is described as changing from a reliance on financial reporting to a focus on communication and relationship-building. Laskin points out that corporate scandals in the late 1900s, especially the Enron scandal, alerted people to the importance of trust in IR. Trust is not assumed but built and maintained. However, IR in the past was generally considered as a financial function, which refers to a company's releasing financial reports to the investors. Laskin claims that companies should focus IR

on strategic communication and public relations: “Investor relations is not about numbers any more; today’s investor relations is about building and maintaining relationships” (p. 215). Strategic communication refers to the overall corporate communication policy and style, while public relations involve press releases. Laskin finds that controlled media such as websites, newsletters, and other company-provided media, are not mentioned as commonly being used by IR officers. On the contrary, mass media are considered by IR officers as their focus. Laskin’s finding resonates with Pollock and Rindova’s (2003) claim that media-provided information has more influence on investors in the IPO market than company-provided information. So, it is noticeable that mass media impact trust-building in IR. Laskin uses strategic communication and public relations to describe the focus of IR. Building on this claim and the previous literature review on tertiary audience and rhetoric ethos, I propose that investor-relations studies should attend to the relationship between rhetoric and communication.

As building trust is a key issue in IR, I draw on three studies on trust to frame my analysis of the tertiary audience influence on Alibaba’s corporate ethos. Deutsch (1958) defines trust in this way: “An individual may said to have trust in the occurrence of an event if he expects its occurrence and his expectation leads to behavior which he perceives to have greater negative motivational consequences if the expectation is not confirmed than positive motivational consequences if it is confirmed” (p. 266). Here the “negative motivational consequences” reduce the profits of the individual. Deutsch’s definition portrays trusts as an “expectation” and reveals the motivational factors in trust. So in Alibaba’s case, what motivated the primary and tertiary audience? Giffin (1967) uses this definition of trust: “a reliance upon the characteristics of an object, or the

occurrence of an event, or the behavior of a person in order to achieve a desired but uncertain objective in a risky situation” (p. 105). This definition points out how trust and risks are related. This definition describes trust as “reliance,” which involves a psychological process. Robert Hurley (2006) shares a similar understanding of trust with Giffin: “trust as confident reliance on someone when you are in a position of vulnerability” (p. 56). Like Giffin, Hurley considers trust as a decision-making process that can be identified and analyzed through these factors: “risk tolerance,” “level of adjustment,” “relative power,” “security,” “number of similarities,” “alignment of interests,” “benevolent concern,” “capability,” “predictability and integrity,” and “level of communication” (p. 56-59).

Drawing on the above definitions of trust, I consider that a situation requiring trust must involve some risks and some motivational factors. The decision to trust is a process that can be analyzed. Trust could be an expectation or reliance on an object, an event, or a person. Applying this knowledge of trust to Alibaba’s IPO case, I consider that, in order to understand how Alibaba gained trust from potential investors, it is necessary to tease out the risks and motivational factors that potential investors were concerned about, what those investors expected and decided to rely on.

To sum up, by synthesizing business research outcomes with rhetorical theories, I demonstrate why tertiary audience can shape corporate ethos during IPOs: the tertiary audience provides a platform for companies and investors to debate about the company’s character and credibility; the tertiary audience cultivates offline communities among potential investors through forming online communities; the tertiary audience builds salience to focus potential investors’ attention and circulates emotions to influence

potential investors' attitude toward a company. The tertiary audience reactions could be factual reflections of a company or evaluative interpretations. Research about the IR profession has indicated the importance of mass media in building trust between investors and companies. Therefore, I consider it is reasonable and necessary to investigate tertiary audience reactions to understand how Alibaba gained trust from potential investors in its U.S. IPO.

## Chapter 3 Research Design: Case-Study Methodology

*“Obviously, bad laws foster misunderstandings. And abstract statements of law distract attention from direct experience.”*  
—Robert Stake, *“The Case Study Method in Social Inquiry”*

### Introduction

This project is a qualitative, rhetorical case study. The decision to take this approach is not a methodological choice, but a decision made by the research subject, the case. I was intrigued by the case—Alibaba’s U.S. IPO from May 6 to September 19, 2014. The case involves different persuasive texts, and more importantly these texts were widely read, interpreted, discussed, and circulated in the U.S. and in China. Those texts in the IPO became the springboard for discussions and debates. Despite the positive perception of the company’s future, suspicion and criticism surrounded Alibaba throughout its IPO. The complexity of the case’s life attracted me, especially as a unique intercultural case that gained strong public attention. After Alibaba was successfully listed on the New York Stock Exchange, Jack Ma (the founder of Alibaba) declared that the success of the IPO is the gaining of people’s trust. I was suddenly hit by the question: What can this case teach us?

Different from some quantitative (and scientific) case studies, this qualitative case study aims for understanding rather than generalization. However, this approach does not mean that this case study completely avoids generalization. What I wanted to achieve is a naturalistic generalization, which invites audiences to meditate on the descriptions and interpretations offered in the case study and draw individual conclusions internally so

they can make their own decisions in the future. Ideally, this case study generates tacit knowledge that is remembered through my audience's experience with the case study. Different from propositional knowledge, tacit knowledge is not the universal, interpersonally sharable statements, but a type of knowledge that is internalized in an individual audience through their own engagement with the case study. Robert Stake (1994), whose case study methodology I rely on, instructs case study researchers: "The purpose of case study is not to represent the world, but to represent the case" (p. 245).

This case study is fundamentally intrinsic but combined with some instrumental interests. As a researcher, I was curious about the case itself and wanted to understand it. This intrinsic stance determines that the case directs data collection and selection, application of theories for interpretation, and other issues in the research design. On the other hand, this case study contains some instrumental interests: for example, the application of rhetorical ethos theories to interpret this case can in return refine rhetorical theory of ethos as well as sociological theory of trust. Therefore, I position this case study as an intrinsic study combined with some instrumental interests. Next, I explain the rationale of using the case-study methodology in this study and other issues such as data collection and selection as well as data analysis methods. Research issues<sup>25</sup> are stated separately in Chapters 4 and 5, which focus on a specific set of data.

### **Justification of Case Study**

Ernest House (as cited in Patton, 2015, p. 89) states: "Methodology depends

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<sup>25</sup> Research issues were used as guides at the beginning. As the investigation went on, some research issues proved to be irrelevant, and some new issues emerged as essential ones. Then, I formulated new research issues to advance the investigation. The research issues that I stated in Chapters 4 and 5 are the ultimate research issues.

primarily on the subject matter of what is investigated, and on certain background assumptions.” The subject matter of my dissertation research is Alibaba’s U.S. IPO. The IPO itself has clear boundaries from the initial filing of SEC registration statement (May 6, 2014) to the IPO trading day (September 19, 2014). Therefore, I treat this specific IPO as a case and consider using the case- study methodology.

In the realm of case study, this research project meets the criteria for using the case study methodology despite the disagreement about the definition of case study as found in the work of Robert Stake (1994) and Robert Yin (2014). For Stake (1994), “case is defined by the interest in individual cases, not by methods of inquiry used” (p. 236), and the case should “seem to offer *opportunity to learn*” (p. 243). Primarily, I am interested in this pre-selected case of Alibaba’s U.S. IPO. As described in Chapter 1, this IPO has generated enormous social impact and controversy. The particularity and complexity of this case can offer us abundant data sources to learn about rhetorical ethos and other relevant subjects such as intercultural rhetoric, professional communication, and the use of multimodality in professional contexts. Yin (2014) disagrees with Stake’s focus on the case itself and claims that case study should be defined in terms of the methods and techniques used in investigation. Yin gives three criteria for determining a case study research: “(1) the main research questions are ‘how’ and ‘why’ questions; (2) a researcher has little control over behavioral events; and (3) the focus of study is a contemporary (as opposed to entirely historical) phenomenon” (p. 2). For this research project, I focused on how Alibaba gained trust from potential investors. My research covered the “why” question, but the causal relationship is not my ultimate aim. The IPO case has already occurred, so I would not be able to manipulate it. The IPO case is

contemporary since it occurred in 2014.

Not only does the IPO case fit Stake's and Yin's definition, but also it fits the definition from Rolf Johnsson (2003), who summarizes case study definitions from Yin (1994), Merriam (1988), Stake (1994, 1995), Miles and Huberman (1994), and Gillham (2001). Johnsson explains that the case in a case study should be "a complex functioning unit, be investigated in its natural context with a multitude of methods, and be contemporary" (p. 2). As explained previously using Stake's and Yin's definitions, the IPO case is a complex and contemporary unit. The two sources in the IPO (i.e., the online news media reactions and the prospectus) provide data sources for researchers to approach the case through multiple methods. In sum, this research project was justified as a case study using Stake's, Yin's, and Johnsson's definitions of case study.

## **Type of Case Study**

### **Intrinsic and Instrumental Case Study**

Based on Stake's (1994) definition, I position this case study as an intrinsic study combined with some instrumental interests. For an intrinsic case study, the researcher wants to understand a particular case rather than demonstrate how this case can represent other cases. The case itself prevails over my research interest. Theory building is not the primary goal of intrinsic case study. For an instrumental case study, a case is studied to shed light on an issue or to refine a theory. The case is subordinate to my interest and is used to understand an issue. For this case study, primarily I am interested in understanding the IPO case itself. In other words, the case is not selected to fit the study of an issue. To understand the IPO, I need to understand the two artifacts (i.e., the online business news media reactions and the IPO prospectus), which are related to rhetoric,

professional communication, and multimodality. However, as my investigation went on, I shifted my intrinsic interests a bit to instrumental interests. This is to say that although I aimed at understanding the cross-cultural construction of corporate ethos in this particular IPO event, knowledge generated in the research helped me refine existing theories on ethos. In this sense, this intrinsic case study is combined with some instrumental interests.

### **Qualitative Case Study**

Furthermore, I position my case study as qualitative rather than quantitative. Both Stake and Yin admit that case study can be qualitative and/or quantitative, but they differ in the type of case study in which they are interested. Building on George von Wright's (1971) distinction between quantitative and qualitative research, Stake explains that “[q]uantitative researchers have pressed for explanation and control; qualitative researchers have pressed for understanding the complex relationships among all that exists” (p.37). Stake (1994) also points out that many quantitative case study researchers focus on comparative descriptions—presenting other reference cases (p. 241)—while many qualitative case study researchers use what Clifford Geertz's “thick description”—describing the particularity of a case. Stake sees comparative description and thick description as in opposition. Yin (2014) stresses that a case study does not need to be just qualitative or rely on thick description. Yin asserts: “The most important is to *explain* the presumed casual links in real-world interventions that are too complex for survey or experimental methods” (p. 19, emphasis in original). In contrast, Stake (1995) says qualitative researchers should be “uninterested in cause” (p. 46).

I define my case study as a qualitative study based on the nature of my case. First, Alibaba's U.S. IPO is a natural case that I would not be able to control; therefore, I could

not design the case study, as Yin's method requires (a more experimental approach). Second, this IPO case is unique in terms of its scale, its cross-cultural context, and its social impact. It is more worthwhile to catch the particularity of the case and describe it in detail to readers. Last, focusing on the causal relationship is more suitable for reaching a propositional generalization, which is not my ultimate aim. I am more interested in understanding the complexity of the case. As a result of the above, I define my case study as fundamentally qualitative.

### **Critical Case Study**

The enormous social impact of the Alibaba U.S. IPO made it a *critical case*, which allows researchers “to achieve information that permits logical deduction of the type” (Flyvbjerg, 2006, p. 230). One possibility could be that outcomes from studying this case may help us deduce the patterns of other rollout IPOs. On the other hand, Flyvbjerg cautions that identifying a critical case is difficult and requires researcher's experience. I hesitate to say that this case is a definite critical case and that patterns drawn from it are applicable to any similar cases, although this case is definitely significant, considering the attention it received internationally. Besides, although propositional generalizations that a critical case generates are of interest to many case study researchers, my ultimate aim in this particular case study is not the type of law-like generalization but naturalistic generalization, which I will explain next.

### **Epistemology of Case Study**

The epistemology of using the case study methodology, as Robert Stake and Robert Yin claim, is social constructionism. Case study researchers believe that truth is relative and is dependent on one's interpretation. As you will see later in this dissertation,

rhetorical interpretation plays a key role in this case study. But Yin and Stake differ in the kind of generalization that case study researchers' interpretations lead to. Yin advocates generalization from direct comparison. Case study researchers compare how like or dislike the case is from other cases. If the case is representative of other cases, then patterns drawn from the case are generalizable in other similar cases. If outcomes from a case are different from cases in the same category, then this case could be used to falsify the existing hypothesis. In Yin's (more quantitative and scientific) case-study methodology, methods and techniques used to design a case study are important because researchers try to achieve propositional generalization. Stake, in contrast, feels that although propositional generalization can facilitate understanding of a particular case, it can create problems in human affairs. Stake (1978) comments: "Obviously, bad laws foster misunderstandings. And abstract statements of law distract attention from direct experience" (p. 6). Propositional knowledge is interpersonally sharable among people. It gives people principles to comply with and creates convenience. But its abstract nature may lead people to avoid directly experiencing objects and events in order to gain knowledge.

The negative effect of propositional generalization that Stake points out can be seen in the controversies over contrastive rhetoric. In the 1960s, Robert Kaplan proposed the cultural thought patterns from analyzing ESL students' writings. At first, those cultural thought patterns brought immediate exhilaration to ESL teachers because they helped teachers identify students based on generalizations and "freed" them from understanding students through direct interactions with them. Later, those patterns were criticized for being static, essentialist, and even colonial. Kaplan's cultural thought

patterns failed to justify themselves in dynamic writing situations. More importantly, one negative effect of those patterns is that they treat individuals as stock characters. Not everyone writes in the same pattern. Many factors influence a person's writing style.

In the field of technical communication, we encounter similar issues. No doubt that Edward Hall's and Geert Hofstede's cultural theories can provide references for technical communicators who work in a cross-cultural context. But rigid application of cultural guidelines may prevent professionals from experiencing individual cases directly, and consequently may reinforce cultural stereotypes. Such reinforcement can widen a divide and lead to social stasis.

Propositional knowledge plays a major role in the positivist tradition such as scientific research, where tacit knowledge is at a disadvantage. But Stake (1978) claims that when explanation is the aim, propositional knowledge is an advantage. When understanding is the aim, tacit knowledge is an advantage. Tacit knowledge is gained through direct experience and rumination. Naturalistic generalization does not take the form of prediction, but it usually leads to expectation (p. 6). The tacit knowledge that a person gains through experiential understanding is likely to guide the person's actions in the future. Stake (1994) considers that the job of a case-study researcher is to transfer the tacit knowledge to readers from the researcher's objective descriptions (sometimes thick descriptions) and personal interpretations. The descriptions and assertions that a case-study researcher makes can be assimilated into audience's memories. In other words, researchers pass along their personal interpretations to their audience. The audience stores, adds, subtracts, and invents the knowledge they gained from the researchers for their future decision-making.

Stake's take on naturalistic generalization and tacit knowledge fit my research for two reasons. First, my primary goal is understand the IPO case—understand how and why Alibaba gained trust from potential U.S. investors. Although I added my instrumental interest to the research, my intrinsic interest was dominant. By providing sufficient descriptions and interpretations, I aimed at helping audience draw their own conclusions about the construction of ethos. The tacit knowledge that the audience gained through this case study can help them make decisions in the future. Second, I consider this IPO case as fundamentally a human affair, in which propositional generalizations do not work well with the dynamics. Hall's and Hofstede's cultural generalizations can get problematic because intercultural communication involves live human beings who change from time to time. Propositional generalizations may work well with a relatively controlled context such as a scientific environment, but they fail to adjust themselves to dynamic contexts. On the other hand, even in an intrinsic case study, I cannot avoid propositional generalizations—we make mild or grand generalizations all the time. But my ultimate goal is facilitate naturalistic generalization in my audience.

Additionally, analysis of the case was based on a Marxist materialist approach, which orients the materiality as the determinant of subjectivities and positions subjectivities as the factors that influence the materiality—the dialogic between materiality and subjectivities. This approach can be found in my use of Rickert's conceptualization of ethos as dwelling. The Marxist materialist approach also emphasizes analyzing particular situations and then taking a holistic view on the entire problem; recognizing the material constraints but also human agents changing a situation; attending to particularities and commonalities and their relations; and believing that all

things are connected. You will see those elements at various point of the dissertation.

### **Pros and Cons of Case Study**

In this case study, I aim at facilitating the transfer of tacit knowledge to the audience through sufficient descriptions and personal interpretations. On the other hand, I am aware that tacit knowledge from naturalistic generalization may not appear to generate efficiency for industrial practitioners. But tacit knowledge from case studies may help avoid serious damage from a universal application of propositional generalizations. Stake (1978) claims that case studies are most valuable in “adding to experience and humanistic understanding” (p. 7). For example, knowledge generated in this case study may help refine existing theories on ethos.

Positioning myself as a case-study researcher, at first I was concerned about my role as an interpreter. As Stake (1994) explains, the case-study researcher decides with how much complexity of the case should be studied. Training and intuition are important qualifications for sampling and interpreting the case. To make myself qualified, I started by observing the Alibaba U.S. IPO and archiving online business news media reactions in English and in Chinese since May, 2014. My linguistic and cultural competence in English and Chinese benefited my research. But I was overwhelmed by the amount of daily news. Based on Stake’s suggestion, I had to decide the amount of news that would be used in the analysis. I believed that such a selection act was best to be assisted by a holistic and contextual understanding of the case. So, I started watching English and Chinese interview videos about Alibaba, Jack Ma, IPO, and even the development of e-commerce in China. To increase the reliability of my research, I used a triangulation of sources to reduce the likelihood of misinterpretation. For example, both the analysis of

the online business news media reactions and the prospectus involve different aspects of ethos as dwelling. The outcomes from each artifact can verify and support each other.

### **Methods for Data Collection and Selection**

Both Yin (2014) and Stake (1995) stress the importance of triangulation. Yin (2014) considers triangulation as one of the features (p. 17) and a major strength (p. 119) of case study. Stake (1995) stresses that case-study researchers, who make assertions based on their interpretations of the case, need to minimize the likelihood of misinterpretation. Triangulation helps verify the repeatability of an observation or interpretation. Moreover, it helps observe the case from different perspectives. Triangulation includes: data triangulation, investigator triangulation, theory triangulation, and methodological triangulation. In data triangulation, which Yin (2014) calls “convergence of evidence” (p. 121), a researcher uses data from different sources (e.g., documents, archival records, interviews, surveys, direct observations, physical artifacts) to observe the occurrence of a phenomenon. Data triangulation fits my research well because of the array of available sources of evidence. Investigator triangulation did not fit my research because I was not able to find another investigator to observe the case (the dissertation is an individual work). Neither did theory triangulation fit since it still required two investigators to interpret the same data using different theories. Methodological triangulation might be useful, but it leans towards reaching a confirmation of a single meaning rather than searching for additional interpretations. Therefore, I decided to use data triangulation.

My observation of Alibaba’s U.S. IPO from May 6 to September 19, 2014, was based on two major sources: online business news media reactions in English and

Chinese language environments and the IPO prospectus. Through exploring these sources, I discovered other sources, such as the U.S.-China Economic and Security Review Commission report and Senator Casey's letters to the SEC Chair Mary White. The different sources helped me understand the construction of Alibaba's corporate ethos in different ways. The online news and sources like Senator Casey's letters served as evidence of an audience's interpretation of Alibaba's ethos (in Chapter 4, I define those sources as "online tertiary audience reactions"). The IPO prospectus was used to understand how Alibaba projects its ethos. Table 3.1 displays the sources that I compiled. Each source was used as the unit of analysis. Based on the nature of the source, each unit was divided into subunits. The online tertiary audience reactions were divided into units based on Alibaba's filing period. The IPO prospectus was analyzed in textual and visual units.

Considering the massive number of sources, such as online news, I will not be able to examine all of them. Stake (1994) considers that case-study researchers take the primary responsibilities of sampling sources and make a strategic decision of selecting data based on the criterion of "opportunity to learn" (Stake, 1994, p. 244). Therefore, I selected news that was pertinent to my research questions. In this way, I narrowed down the scope of news for analysis.

The major challenge of data collection and selection is from the online tertiary audience reactions. The challenge of IPO prospectus is the length. But after identifying the themes among online tertiary audience reactions, it is manageable to examine the IPO prospectus based on those themes and compare the prospectus content with Alibaba's correspondence with the SEC regarding the prospectus content. So, I started my data

analysis from the online tertiary audience reactions. Next, I elaborated on how data were collected and selected for online tertiary audience reactions.

**Table 3.1 Data Sources**

<b>Data Source</b>	<b>Source Location</b>	<b>Notes</b>
Online business news media reactions in English and Chinese language environments	I have copied and archived online business news media reactions in English and Chinese environment from May 6 to mid August. I saved them in Word documents and archived them on my computer.	From May 6, 2014 I read online English news by Googling news of “Alibaba IPO.” Simultaneously, I read online Chinese news by Baiduing news of “Alibaba IPO.” I copied and pasted news as much as I could from each language environments and saved them in a daily news folder on my computer.
IPO prospectus and Alibaba’s correspondence with the SEC regarding the IPO filings (May 6, June 16, June 26, July 11, August 12, August 27, September 5, and September 15)	<a href="http://www.alibabagroup.com/en/ir/secfilings">http://www.alibabagroup.com/en/ir/secfilings</a>	Alibaba offers all eight SEC filings and its correspondence with the SEC on its official website. I archived them on my computer.
Other sources	1. U.S.-China Economic and Security Review Commission report “The Risks of China’s Internet Companies on U.S. Stock Exchanges” 2. ConvergEx Group report 3. Senator Casey’s letters to the SEC Chair Mary White	While reading the online news, I was directed to other sources of evidence, which may help contextualize the IPO. I listed three sources here.

**Data Collection and Selection for Online Tertiary Audience Reactions**

Between May 6 and September 19, 2014 (i.e., the Alibaba IPO period), I observed online tertiary audience reactions, which include online English and Chinese business news media reactions and high-status actors’ reactions (e.g., Senator Casey’s letters to the

SEC Chair).<sup>26</sup> I used two types of news aggregators. In the English language environment, I used Google News. I typed in “Alibaba IPO” and was able to collect the latest news and highly cited news. In the Chinese language environment, I used Baidu 新闻 (Baidu News). In order to narrow down the news search scope, I went to “高级搜索” (advanced search) under “设置” (settings) of Baidu News and typed “阿里巴巴 IPO” (Alibaba IPO) in “包含以下全部的关键词” (including all keywords). Every day, I archived online English and Chinese news media reactions in an MS Word document. I organized the online news articles in chronological order, read them, and used the “Review” function to add comments on important words, phrases, and passages that were related to rhetorical ethos, trust, etc. Additionally, I archived high-status actors’ reactions such as the ConvergEx Group report, U.S.-China Economic and Security Review Commission report, and Senator Casey’s letters to the SEC Chair.

A highlight of my data collection is that I collected “fresh” data: collecting data when they occurred. I found this data-collection method helpful for me to develop contextual understanding. I worked as a digital ethnographer—I observed online news media reactions on a daily basis and therefore immersed myself in the IPO case. I could better understand which part of the online data was important based on my ethnographic experience. The amount of online news reactions was daunting, especially right before September 19, Alibaba’s listing day. Some news pieces were repetitive. It is very common that hard-to-get and well-crafted news pieces were recycled by some news

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<sup>26</sup> The entire observation and archiving period ran from May 6 to December 2014 since news followed this IPO event. When designing this case study, I bounded the case from May 6 (Alibaba first filed their registration statement at the SEC) to September 19 (Alibaba completed the IPO). However, observing for a longer period helped me develop a contextual understanding of the case.

agencies. Based on a long-term immersion in the online news, I developed empirical and intuitive evaluation criteria. I did not articulate the evaluation criteria and prove their validity; however, Stake (1994) says: “training and intuition tell us to seek a good sample” (p. 244). My ethnographic experience and my intuition did help me efficiently select data that were useful for understanding the case.

I discovered in the English language environment news agencies such as *The Wall Street Journal*, *Bloomberg Business*, *The New York Times*, and *Forbes* participated rigorously in reporting this IPO as well as *Reuters*, *CNN Money*, and *MarketWatch*. In the Chinese language environment, I mostly used sources from major media outlet such as ifeng.com and sohu.com and other sources covered through the Baidu news search engine.<sup>27</sup> Reports from U.S. news agencies also appeared in the online Chinese news media reactions.

After collecting online data on a daily basis, I went through three stages of data selection, which is based on Stake’s (1994) data sampling criterion—“the opportunity to learn” (p. 244)— and his advice that case study researchers need to make a strategic decision about “how much and how long the complexities of the case should be studied” (p. 238).

First, I divided the data from May 6 to September 19 into eight parts, based on the dates of Alibaba's eight filings at the SEC. I then selected four-to-six days of online tertiary audience reactions right after each filing day based on the common sense that audience reactions were more vigorous once the IPO prospectus was updated. The selection process was guided by my ethnographic perceptions of what is an opportunity

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<sup>27</sup> Those Chinese news media cover a variety of issues, but I only focused on their business sections.

to learn about the case. Table 3.2 displays the results of data selection from the first stage.

**Table 3.2: Data Selection of Online Tertiary Audience Reactions (Stage One)**

1 <sup>st</sup> Filing (May 6, 2014)	May 6, May 7, May 8, May 9
2 <sup>nd</sup> Filing (June 16, 2014)	June 16, June 17, June 18, June 19, June 20
3 <sup>rd</sup> Filing (June 26, 2014)	June 26, June 27, June 28, June 29, July 02
4 <sup>th</sup> Filing (July 11, 2014)	July 11, July 12, July 13, July 14, July 18, July 20
5 <sup>th</sup> Filing (August 12, 2014)	August 12, August 13, August 14, August 15
6 <sup>th</sup> Filing (August 27, 2014)	August 27, August 28, August 29, August 30
7 <sup>th</sup> Filing (September 5, 2014)	September 5, September 6, September 7, September 8, September 11, September 12
8 <sup>th</sup> Filing (September 15, 2014)	September 15, September 16, September 17, September 18

Next, in order not to miss any important data, I re-examined the original daily data collection and added a few more days beyond the six-day frame. The second stage of data selection was guided by my observation of the important events that occurred during the IPO. Table 3.3 shows results from the second stage.

**Table 3.3: Data Selection of Online Tertiary Audience Reactions (Stage Two)**

1 <sup>st</sup> Filing (May 6, 2014)	May 6, May 7, May 8, May 9, May 13, May 15, June 6, June 8, June 9, June 11
2 <sup>nd</sup> Filing (June 16, 2014)	June 16, June 17, June 18, June 19, June 20
3 <sup>rd</sup> Filing (June 26, 2014)	June 26, June 27, June 28, June 29, July 02, July 10
4 <sup>th</sup> Filing (July 11, 2014)	July 10, July 11, July 12, July 13, July 14, July 15, July 18, July 20, July 30, August 06
5 <sup>th</sup> Filing (August 12, 2014)	August 12, August 13, August 14, August 15
6 <sup>th</sup> Filing (August 27, 2014)	August 27, August 28, August 29, August 30
7 <sup>th</sup> Filing (September 5, 2014)	September 5, September 6, September 7, September 8, September 11, September 12
8 <sup>th</sup> Filing (September 15, 2014)	September 15, September 16, September 17, September 18

Last, using the data set formed in the second stage, I selected important online tertiary audience reactions, which include passages from news pieces, reports, and letters as well as a couple of videos. Finally, I narrowed down the data to particular days and particular segments and put it in a table in MS Word and added a column that I used to facilitate data analysis. This table includes approximately 78,000 words, together in

English and in Chinese. It is the ultimate data set that I relied on for analyzing online tertiary audience reactions. Table 3.4 is a snapshot of the ultimate set.

**Table 3.4: Snapshot of Ultimate Data Set (Stage Three)**

Date	Representative Source	Headline	Important Passages	Comments on the Source
1st Filing: May06, 2014	<a href="http://dealbook.nytimes.com/2014/05/06/alibaba-files-to-go-public-in-the-us/?_php=true&amp;_type=blogs&amp;hp&amp;_r=0">http://dealbook.nytimes.com/2014/05/06/alibaba-files-to-go-public-in-the-us/?_php=true&amp;_type=blogs&amp;hp&amp;_r=0</a>	Chinese Giant Alibaba Will Go Public, Listing in U.S.	<ol style="list-style-type: none"> <li>1. They are like an <a href="#">Amazon</a>, an <a href="#">eBay</a> and a PayPal.</li> <li>2. <a href="#">In the filing</a>, Alibaba said it intended to raise \$1 billion in an initial public offering — a figure used to calculate its registration fee. But the company is expected ultimately to raise \$15 billion to \$20 billion, which would make it the biggest American I.P.O. since <a href="#">Facebook's</a> \$16 billion offering in May 2012.</li> </ol>	

### Methods for Data Analysis

My data-analysis methods are selected for the purpose of *understanding* the case. Interpretation is my focus. Besides, locating the features of data for interpretation is a challenging task, considering the massiveness and complexity of the data sources. I considered using computer-assisted tools, such as R, to help me see “clusters.” Later, I dropped this option and turned to use human detection.

### General Data Analysis Strategy

My overall data-analysis strategy was based on Stake’s (1995) interpretation techniques and holistic understanding. I also absorbed Yin’s (2014) cross-case synthesis technique.

Stake (1995) considers that interpretation and holistic understanding are two features of case study. Interpretation is usually delivered through the case-study

researcher's personal observation and experiential understanding. Holistic understanding requires case-study researchers to look at a phenomenon in contexts of "temporal and spatial, historical, political, economic, cultural, social, and personal" (p. 43). Stake further explains that case-study researchers need to decide which approach they want to take for data analysis: direct interpretation or categorical aggregation (p. 74). Direct interpretation, commonly seen in intrinsic case studies, is used for teasing out meaning from a single instance. For example, Jack Ma's letter to potential investors in Alibaba's September 5 filing is a significant instance because it was added right before Alibaba's listing day. Thus, direct interpretation of this letter was applied. As this case study is fundamentally intrinsic, direct interpretation played a major role in data analysis.

On the other hand, categorical aggregation is commonly used by instrumental case-study researchers, who are concerned with the issue rather than the case. Researchers start interpreting when they see the repetition of a phenomenon. Despite the quantitative side of categorical aggregation, it still worked for my case to some extent. For example, if the issue Alipay spinoff occurred frequently in online news, then I attended to this issue and located places in my data set where Alipay spinoff occurred. This co-occurrence could be a particularity that needed interpretation. However, co-occurrence in this case study was located by human detection (i.e., reading) rather than coding or machine-generated themes. The reason is that the aim of this case study is *understanding the particularity* of the case rather than achieving propositional generalization. If the particularity could be detected in a humanistic way, which is closer to actual audiences' approach to processing information in this IPO case (investors of Alibaba's IPO read the tertiary audience reactions as human beings), then it is not

necessary to apply coding or machine calculation to generate themes. Additionally, Stake (1995) explains that coding is used by case study researchers when they are unable to locate particularities. Under such a situation, coding is applied to helping researchers dig the themes underlying the data. In my case, the particularities in Alibaba's IPO could be either directly spotted through media comments or the high frequency of media comments. Thus, I decided to rely on human detection.<sup>28</sup>

Yin (2014) also offers concrete suggestions for data analysis. Yin's general analytic strategies include techniques for manipulating data in different ways (e.g., chronological table, flowcharts, matrix) so researchers can sense the "patterns" in the data (p. 135). I found those strategies helpful, depending on my need and the data. The four analytic techniques (pattern matching, explanation building, time-series, logic model) that Yin provides (pp. 143-163) focus on propositional generalizations, explanation, and finding causal relationship, which are not my primary interest in this case study. However, I found the last analytic technique—cross-case synthesis (pp. 164-167)—helpful. At the end of the research I synthesized findings from the different sources to reach a holistic understanding of the case.

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<sup>28</sup> Between October 2014 and June 2015, I consulted two research specialist in Digital Arts Sciences + Humanities at the University of Minnesota about using R and other computer-assisted tools to detect patterns in online news. R can process online English news but fails to process online Chinese news at this point due to word segmentation issues researchers have been working at. Other attempts showed to us that it is likely we may not be able to get the features of data. The rationale is this case study focuses on the researcher's perception of particularity; however, quantitative findings do not necessarily lead to such perception. The "thick description" used in this case study does not necessarily correlate with quantitative findings. Especially, "thick description" focuses on meanings behind literal meanings. Put it in another way, audience may not necessarily be impacted by information repeated one hundred times. However, they may make their decisions on less repeated but more salient information. Quality is more important than quantity in this case. Also, considering that the purpose of this study is understand the case rather than achieving propositional generalizations, I decided to use human detection, which is the way audience received information from the online tertiary audience.

## **“Thick Description”**

Specifically speaking, my data analysis consists of two parts: “thick description” and rhetorical interpretation. Michael Quinn Patton (2015) reminds researchers to carefully separate description from interpretation and write about descriptions of findings before providing interpretations (p. 534). Stake (1995) considers that “thick description,” which is particular perceptions of the case, can help establish an “empathetic understanding” for the audience (p. 39). The term “thick description” was used by Gilbert Ryle (1949) and then was adopted by Clifford Geertz (1973) in ethnographic research. Holloway (1997) defines “thick description” as the detailed depiction of field experiences in which the researcher makes explicit the patterns of cultural and social relationships and puts them in context. In contrast, “thin description” is a superficial account, which can be taken out of context. Contextual understandings play an important role in “thick description.”

Here I use the online tertiary audience reactions to explain how I used “thick description” and interpretation in my data analysis. I read the ultimate data three times. During the first round, I added my capture of certain features of the data in the “Comments on the Source.” For example, for the passage “They are like an Amazon, an eBay and a PayPal,” I added “using analogy.” I added such comments for both the English and Chinese data and added a “summary” of comments in each IPO filing period. During the second round, I printed out the table, which turned out to be 194 pages, and read it again. I used a highlighter to mark important segments (e.g., words, phrases, and passages), which included the ones that I identified during the first round. I wrote down comments around the highlighted segments on the physical copy of the table. I also added

summaries of features that I detected in the data set. After this round of analysis, I developed a deeper understanding of the features in the data and constructed a comparative view of the online English and Chinese tertiary audience reactions. During the third round, my analysis followed the method that I used during the second round. I tried to confirm the features that I detected previously and discarded a few that were less relevant. I then wrote objective descriptions of those features.

My use of “think description” relied on human detection rather than machine-generated findings. Nevertheless, I was aware of the potential bias carried by researchers that may reduce the validity of human detection of features. My long-term observation of the case and the three rounds of data observation helped me reduce the bias.

### **Rhetorical Interpretation**

Stake (1995) considers interpretation as the major method of case study. Interpretation helps understand the particularity and complexity of the case. Interpretation can be conducted in many ways by drawing on different types of knowledge. I applied rhetorical analysis, specifically rhetorical ethos, to interpret the features of online tertiary audience reactions. Rhetorical analysis is subjective (Gurak and Silker, 1997, p. 408), but it fits the purpose of intrinsic case study. Researchers of intrinsic case study need to tease out complex relationships in a case in order to understand its particularity. The rhetor’s task, as Scott Consigny (1974) states, is “not to answer questions and solve well-formulated problems, but rather to be able to *ask* good questions and to formulate or to *discover* relevant problems in an indeterminate situation” (p. 177). Consigny’s statement portrays rhetors as researchers who use *issues* to guide a discovery of problems in a complex situation. This perception corresponds to the purpose of intrinsic case study.

## Chapter 4 Dwelling Ecologically: The Online Tertiary Audience Reactions

*“Many investors have become more comfortable with the idea of investing in Alibaba given all of the media coverage around the company in the past couple of hours.”*  
—Reuters, “Retail Investors Rush to Buy Alibaba IPO,” September 19, 2014

### Introduction

Rickert (2013) explains that the material environment plays a key role in dwelling: “dwelling indicates lived relations woven into complex ecologies of the world’s things and forces” (p. 224). In this sense, the construction of ethos requires attention to ecologies surrounding the rhetor. Jenny Edbauer (2005) finds that rhetors may not always work in a rhetorical situation, which focuses on elements of audience, exigence, and constraints. Instead, Edbauer proposes to consider that rhetors work in a network of affective ecologies, which consist of material experiences and public feelings.

A striking feature of Alibaba’s U.S. IPO is the online media coverage in the U.S. and in China. My research on this IPO case started with a close observation of online English and Chinese business news media reactions to Alibaba’s IPO and its prospectus, which I call “online tertiary audience reactions,”<sup>29</sup> a category involving not only online news media but also high-status actors (e.g., politicians). The online media tertiary audience reactions formed a complex network of ecologies, generating and circulating different energies on the Internet platform. It is hard to tell how much potential investors in the U.S. were influenced by these reactions, but it is clear that Alibaba monitored them

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<sup>29</sup> In technical communication, the audience is divided into four categories: primary (those who read a document and take actions), secondary (those who advise the primary audience in their decision making process), tertiary (those who evaluate a document and its writer), and gatekeepers (those who review a document before it is sent to the primary audience).

closely. Here are four snippets:

- On July 18, Alibaba posted a statement (in Chinese) on their official Weibo,<sup>30</sup> a Chinese Twitter-like microblog. In this statement titled “Voice from the ‘Quiet Period,’” Alibaba revealed that the company was suffering from a “media blackmail,” which demanded \$300,000 to terminate negative reports about the company from a Chinese magazine and a We Media<sup>31</sup> writer (a blogger) in China.
- On July 20, *The New York Times* published an article online, titled “Alibaba’s I.P.O. Could Be a Bonanza for the Scions of Chinese Leader.”<sup>32</sup> Immediately, Alibaba posted another, in *The New York Times*’ words, “strongly-worded statement” in Chinese on their official Weibo, refuting *The New York Times*’ portrait of Alibaba’s political connection.<sup>33</sup>
- On July 31, Alibaba appointed Jane Penner,<sup>34</sup> former Director of Investor Relations of Google and former Senior Editor of TheStreet.com,<sup>35</sup> to lead Alibaba Group’s Investor Relations team, based in San Francisco.
- On September 19, Reuters reported that a flood of retail investors inquired about buying Alibaba shares 48 hours before Alibaba started trading on NYSE.<sup>36</sup> It is surprising that until September 15, “88 percent of American consumers had not even heard of Alibaba,” according to an Ipsos poll conducted for Thomson Reuters. Reuters commented: “Many investors have become more comfortable with the idea of investing in Alibaba given all of the media coverage around the company in the past couple of hours.”

Consider that if news media reactions do not influence investors’ decisions, then

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<sup>30</sup> Alibaba’s official Weibo can be located at <http://www.weibo.com/aligroup>.

<sup>31</sup> “We Media” is a type of participatory journalism, in which ordinary people such as bloggers can write and disseminate their messages on the Internet. More information can be found at [http://www.hypergene.net/wemedia/download/we\\_media.pdf](http://www.hypergene.net/wemedia/download/we_media.pdf).

<sup>32</sup> *The New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/07/20/alibabas-i-p-o-could-be-a-bonanza-for-the-scions-of-chinese-leaders/?ref=topics>.

<sup>33</sup> *The New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/07/21/alibaba-says-it-relies-on-markets-not-connections/>.

<sup>34</sup> Jane Penner’s LinkedIn profile (<https://www.linkedin.com/in/janepenner>) shows that she holds an MA in English from The University of Pennsylvania and is ABD in English. The *Re/code* article (<http://recode.net/2014/07/31/alibaba-nabs-googles-investors-relations-head-penner/>) includes a video from Penner’s speech at Stanford University, in which she explained how she moved from the humanities to the investor relations profession. She highlighted the role of narratives in motivating investors to purchase stocks.

<sup>35</sup> Founded by Jim Cramer and Martin Peretz, TheStreet.com is an American financial news and services website.

<sup>36</sup> The *Reuters* article can be retrieved at <http://www.reuters.com/article/us-alibaba-ipo-retail-idUSKBN0HE1R620140919#me0IzOu5AKM4T4ZQ.97>.

why would Alibaba risk interacting with the news media during the “quiet period”?<sup>37</sup> What does Alibaba’s hiring of Jane Penner after the company’s confrontation with the news media tell us? What is the relationship between media coverage and investors’ decisions to buy Alibaba’s shares? Alibaba’s close monitoring of news media reactions is also reflected during its post IPO period. After *Barron’s* published a story titled “Alibaba: Why It Could Fall 50% Further”<sup>38</sup> on September 12, 2015, Alibaba promptly disputed<sup>39</sup> *Barron’s* analysis and requested a correction from the magazine. The digital context (i.e., the Internet) is an important feature of Alibaba’s timely interaction with the tertiary audience. Information disseminated by online tertiary audience becomes critical for IPO firms like Alibaba because many cross-border investors seek information from online tertiary audiences to help them make investment decisions.

Based on Rickert’s conceptualization of ethos as dwelling, which requires attention to a complex network of ecologies, I tracked down the interwoven forces in the online tertiary audience reactions in Alibaba’s IPO. Relying on Edbauer’s proposal of rhetorical ecologies, which are comprised of material experiences and public feelings, I identified important events, objects, and people that were circulated in online tertiary audience reactions. I also categorized the feelings being distributed in the ecologies. This chapter aims to portray a holistic picture of online tertiary audience reactions, which formed the ecologies surrounding Alibaba. Although the focus is the online tertiary

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<sup>37</sup> The U.S. SEC restricts an offering firm from communicating with the public from the time the company is registered with the SEC until 25 days after the initial offering. The SEC “quiet period” rule can be found at <http://www.sec.gov/answers/quiet.htm>.

<sup>38</sup> *Barron’s* is an American weekly newspaper that publishes financial news. The *Barron’s* story can be retrieved at <http://www.barrons.com/articles/alibaba-why-it-could-fall-50-further-1442036618>.

<sup>39</sup> Alibaba’s response letter can be found on its official website: <http://www.alibabagroup.com/en/ir/article?news=p150914>.

audience reactions in the U.S., analysis of the Chinese business news media reactions was used to provide a comparative view of the ecologies formed in China. Through analyzing and comparing those ecologies, I was able to articulate how Alibaba tried to dwell ecologically in this IPO. In this Chapter, I offer thick descriptions of the flows in online tertiary audience reactions, which are supported by the *topos*<sup>40</sup> being circulated and emotions being distributed, and then I give interpretations of how Alibaba tried to dwell ecologically.

### **Research Issues**

The amount of online tertiary audience reactions is enormous. After four months of data collection and five stages of data selection, I was still confronting a daunting amount of data. To track down the forces in the ecologies and categorize the material experiences and emotions, I used two issues to guide my investigation:

1. What are the *topoi* of the tertiary audience reactions?
2. What emotions are circulated among the *topoi* of tertiary audience reactions?

### **Flows of Online Tertiary Audience Reactions**

The importance of *place* has been promoted in the field of rhetoric. Rickert (2013) asks us to consider media as “not simply the *medium* by which we interact and communicate with others but literally a *place*.” In this sense, media does not merely transmit information but also “function ambiently and ecologically.” Rickert calls media “interactive, evolving, and generative” (p. 44). This makes sense in Alibaba’s IPO case where I found that the media functioned as a platform that connected the rhetor (Alibaba)

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<sup>40</sup> Rhetoricians consider *topos* as a region of argument. Jenny Rice (2012) considers that *topos* plays an important role in creating “a solid meeting site in which to engage ongoing flows” (p. 203).

and the primary audience (potential investors). Jenny Rice (2012) calls such a place “region,” which functions as “a rhetorical interface” (p. 204). This interface engages public discourse but does not concentrate it. Thus, we see “flows” that move on this interface.

I noticed such flows in the online tertiary audience reactions in Alibaba’s case. Descriptions, interpretations, and opinions about Alibaba formed different flows of consciousness which appeared to be parallel, diverging, or converging and constituted ecologies and circulated emotions. Ultimately, the interwoven flows on the interface established a complex environment for Alibaba’s dwelling. The movement of the flow affected the dwelling practice of Alibaba. On the other hand, Alibaba tried to engage itself in some flows and disrupted others in order to create an ideal environment for its IPO.

Next, I describe the five major flows of the online English tertiary audience reactions, divided by the filing periods of Alibaba’s IPO. I discuss the *topoi* used to engage the flows and the emotions generated in the flows. Meanwhile, I describe and discuss how Alibaba engaged in the flows of online tertiary audience reactions in China.

### **Identification (May 6 – June 15)**

The first flow occurred during Alibaba’s first filing period (May 6 - June 15). After Alibaba filed its registration statement at the SEC, the U.S. news media started introducing Alibaba to the public. Among the 26 selected sources of online English tertiary audience reactions that I analyzed, a pattern of “identification” emerged. Here I use “identification” to refer to a trend of finding commonplaces or connections between two different subjects, in the Burkean sense. “Identification” in this case refers to how

audience found commonplaces or connections to Alibaba's IPO. "Identification" in the online English tertiary audience reactions is reflected in four *topoi*: rationalizing profitability and risks; dwelling on American counterparts; assessing the leader's ethos; dwelling on references.

**Rationalizing Profitability and Risks.** Morton Deutsch (1958), the pioneering researcher on "trust," considers that motivational relevance is a requisite in "trust." In this sense, if investors put their trust in Alibaba and purchased the company's stock shares, then those investors must have recognized the motivational relevance in the IPO. Profitability and risks came first as motivational relevance that was recognized in the IPO. Investors predicted the profitability that they would gain and the risks that they might take in the future.

*The New York Times* article titled "Alibaba, by the Numbers" ends with this line "No matter which way you look at it, Alibaba is big—and it's going to get bigger."<sup>41</sup> Alibaba was evaluated by its past profitability. Numbers were frequently quoted from the IPO prospectus to evaluate the company. Common statements include "In the 2012 calendar year, Alibaba had net income of \$3.56 billion on revenue of \$7.95 billion. That translates into a profit margin of roughly 45 percent. In comparison, eBay mustered a 17.8 percent margin." Additionally, Alibaba's future profitability became a concern. One *New York Times* reporter asked, "Some investors crave much numbers because they want to see whether Alibaba's stellar profits growth can continue . . . The big question hanging over Alibaba's I.P.O. is whether it can protect its profits." Some audience reactions asked

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<sup>41</sup> *The New York Times* article can be retrieved at <http://bits.blogs.nytimes.com/2014/05/06/alibaba-by-the-numbers/>.

about how Alibaba could provide a rationale for its business conduct: “Alibaba appears to be making a push into online video, but just how these investments fit together is a mystery. Last month’s filing listed recent deals but offered nothing on their rationales.”

The initial evaluation of Alibaba’s profitability and its business rationales reflect a pattern of rationalization, which focuses on good sense, by the Aristotelian conceptualization of ethos. Such a rational evaluation brought in some enthusiasm and created a feeling of seriousness.

Compared to the feeling of seriousness created by a rational evaluation of profitability, another motivational relevance—risks—added a strong sense of concern to the seriousness. *The New York Times* article titled “The Risks of Investing in Alibaba’s I.P.O.” focuses on the “risk factors” section of Alibaba’s IPO prospectus.<sup>42</sup> Issues such as Chinese regulations and laws, Alibaba’s corporate governance, the Variable Interest Entities (VIE) structure, Jack Ma’s conflict of interest were brought into focus.

Particularly VIE is portrayed as extremely dangerous. Here is a passage from the article:

Instead, the company is using a so-called variable interest entity structure. It works for Jack Ma, Alibaba’s co-founder and executive chairman, but whether it works for investors remains to be seen. The reason is that for Alibaba’s investors, a V.I.E. is chock-full of risk, which they may ignore as they salivate over potential Internet riches.

The tone is not positive and is colored by wording like “so-called,” “remains to be seen,” “chock-full of risk,” and “salivate.” Using a precedent that Baidu argued with the SEC about VIE, *The New York Times* article portrays a “possibility”: “The structure may be illegal under Chinese law since it conveniently circumvents those prohibitions on foreign

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<sup>42</sup> *The New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/05/06/i-p-o-revives-debate-over-a-chinese-structure/>.

investment.” The wording “conveniently circumvents” casts a shadow on Alibaba’s character. The reporting tends to leave an impression on the audience about Alibaba rather than objectively telling the audience that VIE is a common structure adopted by Chinese Internet companies who needed foreign investment but are confined by Chinese legal restrictions on foreign ownership. The depiction of VIE usually follows a pattern of the enthymeme, which refers to “claims in argument that are supported by probable premises assumed to be shared by the audience” (Gage, 1996, p. 223). The major premise is that Alibaba uses VIE. The implied premise is the Chinese government would probably rule VIE illegal. This premise is portrayed as a possibility. But for an audience that has suspicions about the Chinese government, it is assumed that the Chinese government will invalidate VIE. The shared emotion among those audiences supports the claim that Alibaba will face legal restrictions from the Chinese government, and therefore investors will lose money. So, such depiction of VIE is emotionally appealing to those audiences.

In sum, the rationalization of Alibaba’s profitability indicates a focus on Alibaba’s good sense and creates a feeling of enthusiasm and seriousness. The rationalization of risks implies an underlying pathos appeal, which arouses concerns among investors.

**Dwelling on American Counterparts.** *The New York Times* reporter explains this *topos* well: “To put their own prices on Alibaba, investors will most likely try to compare it against other technology companies.”<sup>43</sup> Simile, metaphor, and comparison are three common techniques used for this identification. For example, Alibaba was

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<sup>43</sup> *The New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/05/06/big-profits-at-alibaba-but-filing-has-gaps/>.

described as a combination of Amazon, an eBay, and a PayPal. Also, Amazon was frequently used to compare with Alibaba: “Like Amazon Alibaba dominates its home e-commerce. But, unlike Amazon, it does not amass large amounts of inventory.” Not only was Alibaba compared with American technology companies, but also it was compared to Chinese technology companies that were familiar to American investors, such as Baidu, a search-engine company that went IPO in the U. S. in 2005.

Furthermore, Alibaba’s innovation style was compared with its American counterpart, Amazon. *The New York Times* article describes Alibaba’s style as “going with an existing trend” and Amazon’s as “disrupting an existing industry.”<sup>44</sup> For Amazon, their selling point is that they are at the cutting-edge of technological innovation and can leverage profitability through disrupting the existing market. In contrast, Alibaba’s selling point as a start-up technology company is dwelling on the existing market and growing with the increasing consumer power.

Besides, some hot issues that are frequently brought up when discussing China and Chinese companies are applied, for example, “globalization.” American investors were concerned about Alibaba’s globalization strategy, even though Alibaba launched an online retail site 11 Main in the U.S., which is similar to Taobao, Alibaba’s Chinese e-commerce platform. Materially, Alibaba tried to assure the American investors by getting them to try out its business model and consequently help American investors identify with the company.

Nevertheless, some critics still doubted Alibaba’s globalization abilities. The

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<sup>44</sup> *The New York Times* article can be retrieved at [http://www.nytimes.com/2014/05/08/technology/alibaba-bets-on-a-growing-chinese-economy-and-new-consumers.html?ref=business&\\_r=0](http://www.nytimes.com/2014/05/08/technology/alibaba-bets-on-a-growing-chinese-economy-and-new-consumers.html?ref=business&_r=0).

criticism exhibits a pattern of “disdwelling.” One *Huffington Post* reporter said: “perhaps the question of whether Alibaba can compete globally isn’t that interesting at all. Perhaps the more interesting question is whether anyone can compete with Alibaba in China.”<sup>45</sup> This reporter diverted investors’ attention from the topic that they feel comfortable with to one that they may not know much about, Alibaba’s domestic competition. So, through dwelling and dis-dwelling on American counterparts, the online tertiary audience created feelings of assurance but also uncertainty.

In sum, the approach of dwelling on Alibaba’s American counterparts indicates identification through Western lenses. The dwelling established familiarity and therefore created a feeling of assurance. In contrast, the approach of dis-dwelling, though not prevalent, created a sense of uncertainty.

**Assessing the Leader’s Ethos.** Quickly, the American media recognized Jack Ma’s role in Alibaba and tried to figure out Ma’s ethos. *The New York Times* article titled “The Unlikely Ascent of Jack Ma, Alibaba’s Founder” portrays Ma as a “strategist,” “a flamboyant motivator,” “a politician with a small ‘p’,” and more likely a rhetorician.<sup>46</sup> This article describes Ma as “an outsider with a knack for creating new markets by reimagining old industries.” The term “knack” is an important concept in rhetoric. The use of “knack” seems to associate Ma with a rhetorician who possesses extraordinary public speaking skills and persuasion techniques. Therefore, Ma became the rhetorician who represented the company. In other words, Ma embodied Alibaba.

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<sup>17</sup> The *Huffinton Post* article can be retrieved at [http://www.huffingtonpost.com/josh-green/alibaba-can-go-public-but\\_b\\_5296922.html](http://www.huffingtonpost.com/josh-green/alibaba-can-go-public-but_b_5296922.html).

<sup>46</sup> *The New York Times* article can be retrieved at <http://www.nytimes.com/2014/05/08/technology/the-unlikely-ascent-of-jack-ma-alibabas-founder.html?action=click&contentCollection=Technology&module=RelatedCoverage&region=Marginalia&pgtype=article>.

The evaluation of Alibaba's ethos turned to an assessment of Ma's ethos.

The assessment of Ma's ethos began with a controversial issue, Alipay spinoff.

*The New York Times* article portrays Ma thus:

Mr. Ma has had his share of boardroom battles. In 2011, an initial partnership with Yahoo formed in 2005 was briefly derailed. Mr. Ma transferred one of Alibaba's most profitable businesses, the online payments unit Alipay, into a separate business under his control without formal approval from Alibaba's board, where SoftBank and Yahoo had seats. When news of the transfer broke in May 2011, it brought an angry response from outside investors in Alibaba and Yahoo.

Mr. Ma argued that it was necessary to get a government license for Alipay, because Beijing did not want foreign investors controlling online payment businesses in China. "If Alipay were illegal or didn't get the license, Taobao would be paralyzed," Mr. Ma said at the time. "If Taobao were paralyzed, how could Alibaba reform and develop?"

Alibaba, Yahoo and SoftBank settled their differences over the issue, but not all shareholders were pleased. The hedge fund manager David Einhorn pulled his investment in Yahoo, saying the spat "wasn't what we signed up for."

The mostly factual description in this portrayal projects an objective tone, which may lead the audience to believe in the portrayal. An important part is how the Alipay spinoff occurred "without formal approval from Alibaba's board, where Softbank and Yahoo had seats." The key phrase is "formal approval." Observation of the Chinese online tertiary audience reactions indicates that Ma repeatedly explained that he obtained an *oral* agreement from the two partners. The Alipay spinoff is complex and controversial, but the wording here may cast a shadow on Ma's goodwill, especially when the article says: "not all shareholders were pleased."

The assessment of Ma's ethos also went into his philosophical approach. Ma is famous for his principle: "customer first, employees second, and investors third." By putting investors in the last place, Ma's stance on investors caused anxiety among the

U.S. audience. The *Wall Street Journal* article titled “Alibaba’s Jack Ma Ties the Knots with Investors” quotes (in English translation) Ma’s perceptions of investors:<sup>47</sup>

“Real investors dread entrepreneurs who treat the investor as their benefactor, because investors know that it’s impossible for them to play that role,” he [Ma] wrote. “They’re not investing in you out of the goodness of their heart. Real entrepreneurs should be the benefactor for investors.

“Investors are partners,” Ma wrote. “Their work is to find a place for their money, to find reliable people to invest in. It’s more difficult for money to find a good project with reliable people than it is for a good project to attract money. Specialist investors don’t make investments based on emotional impulses, but once they have invested in you, there are plenty who are all of a sudden hit by emotional impulses.”

Ma believes that true investors are those who possess a larger view of investment, who can weigh long-term partnership over short-term profitability, and who can share a dream with entrepreneurs. Different from the stereotypical perception of business people, Ma looked for business partners who do not aim just for profits. It is risky to apply such a rationale to this cross-cultural IPO in which people in another culture may not share Ma’s value. On the other hand, this rationale makes the success of the IPO more meaningful. Rhetorically speaking, Ma’s perception of investors reveals the power of logos and pathos in persuasion. Ma says: “Specialist investors don’t make investments based on emotional impulses.” Logos, rational evaluation comes first. However, “once they have invested in you, there are plenty who are all of a sudden hit by emotional impulses.” After rational evaluation, what motivates investors to act is pathos appeal the emotional energy that moved investors to act. The depiction of Ma’s philosophical approach brought in different perspectives on investment for U.S. audience.

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<sup>47</sup> *The New York Times* article can be retrieved at <http://blogs.wsj.com/digits/2014/05/13/alibabas-jack-ma-ties-the-knot-with-investors/>.

To further understand Ma's ethos, media attended to the letter he wrote to Alibaba employees minutes before they filed the registration statement at the SEC on May 6 (U.S. time). Comparing with the letters to investors that Amazon.com CEO Jeff Bezos and Google funders Larry Page and Sergey Brin embedded in their first filings, the media were surprised to find out that Jack Ma did not write a letter to investors in their first filing; instead, Ma delivered a letter only to the Alibaba employees, whom he called "Aliren." *The Wall Street Journal* reporter caught two points from the letter: (1) Ma "praises the perseverance of his employees" and "warns of huge new pressures that Alibaba will face as a public company"; and (2) Ma "downplays the importance of listing Alibaba. Likening it to a stop at a gas station."<sup>48</sup> Below is a translation of Ma's letter from *The Wall Street Journal* article:

### **New Opportunities, New Challenges, a New Journey**

Dear Aliren,

In a few minutes we will officially submit our initial registration statement to the U.S. Securities and Exchange Commission. This means Alibaba is about to enter a new era of challenges.

Fifteen years ago, 18 founders of Alibaba came together determined to create a Chinese company that could be counted as a global Internet company, with hopes that it would become one of the world's ten largest internet companies and that it would last for 102 years. Fifteen years later, we are lucky to still be here. We live better now than we could have imagined back then.

We understand it's not how hard we worked or how smart we are that has gotten us where we are today, but the fortune of the era we live in. It's thanks to the

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<sup>48</sup> *The Wall Street Journal* article can be retrieved at <http://blogs.wsj.com/chinarealtime/2014/05/07/unparalleled-ruthlessness-awaits-jack-mas-letter-to-alibaba-employees/>.

Internet, thanks to vibrant young people, thanks to a group of entrepreneurs who accompanied each other on the road to their dreams, thanks to the reform and opening of this country...

We know well we haven't survived because our strategies are farsighted and brilliant, or because our execution is perfect, but because for 15 years we have persevered in our mission of "making it easier to do business across the world," because we have insisted on a "customer first" value system, because we have persisted in believing in the future, and because we have insisted that normal people can do extraordinary things.

After we release the first draft of the company's prospectus we will encounter all sorts of opinions. Over 15 years we've had lots of support, but behind the praise and applause, we have also faced criticism, blame and doubts. The best way to respond to all of this is to maintain a thankful and reverential attitude, and just as in the past, we must continue to follow our task of "making it easier to do business across the world," we must remain dedicated to our work, we must continue to help small businesses succeed, and we must allow time and the results of our work speak for themselves.

A public listing has never been our goal. It is one important strategy and vehicle for fulfilling our mission. It is a gas station along the road to the future. But Aliren should be conscious that, lying behind the massive allure of the capital market, there is unparalleled ruthlessness and pressure. In this market, only a small number of outstanding enterprises can maintain a gallop. Alibaba will undoubtedly be confronted with unprecedented challenges and pressure due to the scale (of the listing), expectations, national boundaries, culture clashes, and regional politics and economics. Only by continuing to persevere and believing what we believe will we be able to survive for the next 87 years of hardship and the pressures and temptations. We are lucky and honored to be among the few companies capable of to face such global challenges.

After we go public, we would continue to adhere to the principle of "customer first, employee second, shareholder third." We believe that, no matter what difficult decisions we face whether now or in the future, sticking with our principles is the best way to respect and protect the interests of all parties. In one sense, a public listing empowers us to better help customers, support employees and guard the shareholders' interests.

Finally, I want to remind all of you to strictly comply with securities regulations and the group's confidentiality rules, and not to make any public comment on the prospectus. All interviews should be handled through the group's public relations department.

The human resources department will soon send out details of stock issues for

each individual employee. This is truly a pleasing thing. We must stick to our principle of “living seriously and work happily.” Please work, contribute and donate to the society to the extent you can while taking care of your own wealth, yourself and your family. Thank you all very much.

“It is by the odes that the mind is aroused. It is by the rules of propriety that the character is established. It is from music that completion arises.” Aliren, the past 15 years have been difficult and exciting. Every single day of the future is bound to be extraordinary and complicated. If we don’t put in the effort today, we might not see the sunshine the day after tomorrow. No business runs smoothly all the time. As we persevere in persevering, we must change for the customer, we must change for the world and we must change for the future.

Jack Ma

Chairman of the Board, Alibaba Group

2014.5.7

The letter is an epideictic piece. Ma opened the letter by reviewing the past and looking into the future. Ma emphasized the importance of sticking to their mission “making it easier to do business across the world” and their “customer first” value system. Ma also exposed the challenges facing the company, “the scale (of the listing), expectations, national boundaries, culture clashes, and regional politics and economics.” It seems that Ma was predicting that the incoming IPO might shake or undermine Alibaba’s character. The quote that Ma used at the beginning of the last paragraph built the morale. Rhetorically speaking, Ma did not make much logos appeal but relied on a pathos appeal. Establishing the mood seems to be the key in this letter. Overall, the letter conveys a strong sense of “stay real to our own character.”

To sum up, the assessment of Jack Ma’s ethos brings in perspectives that are unfamiliar to the U.S. audience. Ma’s assertive stance might have surprised potential investors and led them to reconsider their Western approach to Alibaba and Jack Ma.

**Dwelling on References.** To know Alibaba better, the media turned to references. As an early investor in Alibaba, Yahoo came as the first reference. News reports communicated the message that Yahoo quickly increased its profitability through its partnership with Alibaba: “When Yahoo first bought a 40 percent stake in 2005, it valued Alibaba at just \$2.5 billion. Six years later, when a consortium of investors took another stake, the company was valued at about \$32 billion.” News reports also speculated about how Yahoo may profit from Alibaba’s IPO: “Alibaba’s expected fall IPO would force Yahoo to sell about 40% of its stake, prompting investors to reassess the true value of its business.”<sup>49</sup> The high profitability that Alibaba’s U.S. investor received sets up a precedent for other potential investors. Investors might think: if Yahoo was happy, then we probably will be happy too.

However, the controversial issue that Yahoo had with Alibaba—the Alipay spinoff—brought in negative feelings. *The New York Times* article’s portrays it thus:<sup>50</sup>

In 2011, [Yahoo](#) and Alibaba got into a dispute when, without Yahoo’s permission, Mr. Ma transferred Alipay, Alibaba’s online payment subsidiary, to a company that he owned. The [issue was resolved](#) with Mr. Ma retaining ownership of Alipay and the company agreeing to make payments to Alibaba.

The wording “dispute” and “without Yahoo’s permission” casts a shadow on Ma’s handling of the Alipay spinoff. But the portrayal of the Alipay spinoff could be very different. From Jack Ma’s perspective, it is the best decision he has ever made, and he is proud of it. But for some U.S. media, it is as a precedent of Jack Ma’s dishonesty.

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<sup>49</sup> One of the reasons that Alibaba chose this timing to go public in the U.S. after firstly choosing Hong Kong Stock Exchange is that Alibaba had a contract with Yahoo about ownership. If Alibaba completed the IPO by the end of 2014, then Yahoo would have to sell back to Alibaba the 40% shares it owned. As a result, Alibaba would get back its ownership of the company. In this sense, Alibaba took its ownership seriously.

<sup>50</sup> *The New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/05/06/i-p-o-revives-debate-over-a-chinese-structure/>.

Referring to this event, investors would worry: If Jack Ma did something not out of goodwill, will he do it again?

To summarize, during Alibaba's first filing period the U.S. audience took different approaches to identify Alibaba. The rationalization of Alibaba's profitability created some enthusiasm and seriousness, while the evaluation of the risks aroused concern. The location of Alibaba's American counterparts brought investors some assurance, but the tendency to move from the counterparts created a feeling of uncertainty. So far, we can see that the identification of Alibaba is primarily based on American standards and through American lenses. This tendency is consistent with the Aristotelian and Burkean rhetoric, which emphasizes on audience appeal. But, when the observations of Jack Ma's ethos brought in principles and values that are unfamiliar to a U.S. audience and when the U.S. audience referred to Yahoo's relationship with Alibaba, they again found uncertainties.

Overall, the mood that online English tertiary audience set up is not universally positive; instead, it mingles optimism with confusion and concern. On the one hand, the media shows a rational assessment of Alibaba, as indicated in *The Wall Street Journal* video called "What Investors Should Know about Alibaba IPO?" It draws audience attention to seven issues in Alibaba's IPO: profitability, risks, Alipay spinoff, previous China Concept Stocks, corporate governance, Jack Ma, and globalization.<sup>51</sup> On the other hand, *The New York Times* video titled "What is Alibaba?" introduces Alibaba and Jack

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<sup>51</sup> The video can be retrieved at <http://www.wsj.com/video/what-investors-should-know-about-alibabas-ipo/1C485C8E-2E0B-488C-867D-066C68088147.html?KEYWORDS=Alibaba+IPO#!1C485C8E-2E0B-488C-867D-066C68088147>.

Ma through the company's perspective.<sup>52</sup> This video shows how Jack Ma founded Alibaba in his apartment and quoted Ma's speech: "Americans are strong at hardware and systems. But on information and software, Chinese brains are just as good as theirs. All of our brains are as good as theirs. This is the reason we dare to compete with Americans." The video also quotes Ma's summary about how Alibaba survived the market competition: "First, we had no money. Second, we didn't understand technology. Third, we never planned." Investors were left to perceive Alibaba through their own eyes.

In contrast to the online English tertiary audience's focus on some specific issues such as profitability and risks, my analysis of the eight selected sources of the online Chinese tertiary audience shows a tendency of observing the IPO holistically. Alibaba's IPO was considered as a signal of how the West can accept a company from China. The timing of Alibaba's IPO drew Chinese media attention. It was worried that Alibaba decided to launch its U.S. IPO during a period when China Concept Stocks were criticized for their poor performance, implying declining trust in China Concept Stocks. The general mood towards Alibaba's IPO is somewhat melancholy. As a company that "grew up" in China, Alibaba's major owners were the Japanese company Softbank and the American company Yahoo. So Alibaba was described as a hybrid Child and its U.S. IPO made people in China think of losing the child.

Comparing the *topoi* and mood among the online English tertiary audience reactions and the online Chinese tertiary audience reactions, we see that both audiences saw the IPO mainly from their own lenses and circulated a mood based on their own

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<sup>52</sup> The video can be retrieved at <http://www.nytimes.com/video/business/international/10000002865514/what-is-alibaba.html>.

observations.

### **Competition (June 16 – August 11)**

The second flow occurred between Alibaba's second and fourth filing periods (June 16 – August 11). The positive mood (enthusiasm and assurance) and negative mood (concern and uncertainty) derived in the first filing were reinforced respectively.

Furthermore, the two types of moods started competing against each other. This flow of competition is manifested in three *topoi*: rationalizing Alibaba's business capabilities, dwelling on people and structures in Alibaba, and processing Alibaba's rebuttal. One important and striking *topos* is how Alibaba participated in the competing moods.

**Rationalizing Alibaba's Business Capabilities.** The rationalization of Alibaba's profitability went into more details between the second and fourth filing periods. After Alibaba completed its second filing, the online tertiary audience attended to the revisions made in the prospectus, which include a sales breakdown of Alibaba's two main shopping sites (i.e., Taobao and TMall), Alibaba's recent acquisition strategy, a newly added section on logistics, and mobile growth. In the first filing, Alibaba treated the transactions of between Taobao and TMall as a whole, which worried investors. In the second filing, Alibaba broke out the transactions from the two sites and claimed that the revenue of Taobao rose 32% to about \$47 billion, and TMall rose 90% from a year earlier to about \$22 billion. Although the second filing presents proof of Alibaba's mobile revenue, investors still wanted to see evidence for Alibaba's future growth, especially in terms of its competition with domestic companies such as Tencent, the owner of WeChat, China's most popular smartphone messaging application. Additionally, investors wanted to know Alibaba's rationale for the recent acquisitions, including Guangzhou

Evergrander Football Club, two film companies, and some stakes of Youku Tudou and Weibo. So Alibaba explained in the second filing that acquiring the soccer club was for marketing purposes, buying film companies was for diversifying Alibaba's business, and purchasing stakes from Youku Tudou and Weibao was for analyzing consumer behavior. Investors were worried about China's underdeveloped infrastructure, so Alibaba added a new section on logistics in the second filing.

From a logos perspective, Alibaba's disclosure of its rising revenues on Taobao and Tmall enhanced investors' enthusiasm for the company's profitability. By responding to investors' concern about the company's sales breakdown, its acquisition rationale, and its logistics infrastructure, Alibaba could boost investors' confidence in its business approaches. Generally speaking, discussions about Alibaba's business capabilities conveyed a positive mood. This mood is also reflected in the ConvergEx Group report.

During Alibaba's third filing period (June 26-July 9), ConvergEx Group (a leading provider of global brokerage and trading-related services) conducted a survey of their network of financial industry clients and partners to measure the business sentiment of Alibaba's IPO.<sup>53</sup> It turned out that 64% of their respondents considered Alibaba as a good long-term investment, which shows a positive mood about Alibaba. However, only 43% of their respondents planned to purchase the stock. ConvergEx Group found that investors who already owned their Chinese equities were more likely to purchase the Alibaba stock. ConvergEx Group concluded: "the Alibaba IPO isn't really about Alibaba at all. Rather, it is a chance to convince a significant population of investors that they

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<sup>53</sup> The ConvergEx Group report can be retrieved at [http://www.convergex.com/uploads/Alibaba\\_IPO\\_Survey.pdf](http://www.convergex.com/uploads/Alibaba_IPO_Survey.pdf).

should buy their first Chinese equity.” Furthermore, it predicted that the Alibaba IPO will “pave the way for scores of other Chinese companies to follow Alibaba’s lead.”

ConvergEx Group’s report seems to tell investors that the real issue of investing in Alibaba is whether you would like to dwell in China. ConvergEx Group’s report on the positive mood of Alibaba’s business potential and the uncertainty about dwelling in China implies that if Alibaba wanted to persuade investors into buying its stock shares, they needed to work on investors’ emotion towards Chinese companies and China.

In sum, investors’ rational evaluation of Alibaba’s business capabilities supported a positive mood toward the company. However, a fear of Chinese companies and China may still prevent turning the positive mood into investors’ purchasing acts.

**Dwelling on People and Structures in Alibaba.** During the first filing, the online tertiary audience discussed Jack Ma’s ethos, the Alipay spinoff, and VIE. Discussions regarding people and structures in Alibaba were extended between the second and fourth filing. In the second filing, Alibaba revealed the 27 people who control nominations for a majority of the board, also called the 27 partners. News media found that this group was dominated by insiders from Alibaba’s management team. This filing also revealed nine board members, which *The Wall Street Journal* article calls a “cozy group.”<sup>54</sup> One of the four independent board members, Tung Chee-hwa, the first chief executive of Hong Kong, was brought to attention. *The Wall Street Journal* article portrays Tung in this way: “Tung resigned in 2005, three years into his second five-year term, following widespread protests in 2003 over his proposal of an antirule of law bill

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<sup>54</sup> *The Wall Street Journal* article can be retrieved at <http://blogs.wsj.com/digits/2014/06/16/who-will-make-up-alibabas-new-board/>.

that critics said threatened freedom of speech in Hong Kong.” The words “resigned,” “protests,” and “threatened” bring in negative feelings. Especially, for a U.S. audience, who highly value freedom and democracy, Tung’s political acts seem to darken his character in the U.S. audience’s mind. The negative feeling for Tung could penetrate into investors’ feelings for other members of the Alibaba team. This is not a rational move, but emotion is contagious.

Additionally, people in Alibaba are portrayed as a controlling group. After Alibaba completed its fourth filing, the media noticed that Alibaba added more members to its partnership. *The Economist* article commented: “Mr Ma is taking no chances. In the revised filing, he makes clear that his partners have the right to expand the board by two members from nine to 11—and that these two additional directors are to be named by the controlling partnership . . . Alibaba is bigger than ever and Mr Ma remains unapologetic and in complete control.”<sup>55</sup> The wording “taking no chances,” “unapologetic,” and “complete control” portrays Jack Ma and the members of the Alibaba group as self-centered and dictatorial. For investors, working with a dictator means conceding their power. The feeling of investors toward the Alibaba group is then negative.

In addition to people, discussions on VIE grew bigger. On June 18, the U.S.-China Economic and Security Review Commission, a congressional commission of the U.S. government, released a report “The Risks of China’s Internet Companies on U.S. Stock Exchanges”<sup>56</sup> on its official website. This report focuses on the danger of VIE that

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<sup>55</sup> *The Economist* article can be retrieved at <http://www.economist.com/blogs/schumpeter/2014/07/alibabas-ipo>.

<sup>56</sup> The report can be retrieved at [http://dealbook.nytimes.com/2014/05/06/i-p-o-revives-debate-over-a-chinese-structure/?\\_r=0](http://dealbook.nytimes.com/2014/05/06/i-p-o-revives-debate-over-a-chinese-structure/?_r=0).

Chinese Internet companies use. VIE is portrayed as “a complex and highly risky scheme of legal arrangements.” This report also includes a special section titled “Understanding the Alibaba IPO,” which portrays the controversial Alipay event between Alibaba’s founder Jack Ma and Alibaba’s foreign partner Yahoo. The Alipay spinoff was used as an example to prove the high risk of VIE. This report sends a warning:

Despite the risks outlined above, some securities analysts claim that VIEs, in theory, are not inherently risky. In fact, some analysts argue VIEs are the only reasonable mechanism to bring investment into China’s Internet sector. Moreover, it is not VIEs themselves but rather Chinese government policies that are the true source of the problem: a lack of enforceability in Chinese courts.

In this sense, trusting the VIE structure leads to trusting the Chinese government policies. The U.S.-China Economic and Security Review Commission does not make policies, but it issues critical reports to influence policy-making. So, although this report does not represent any governmental decision, its warning tone brought negative feelings to investors and may inhibit their purchasing decisions.

This warning tone went deeper when Pennsylvania Senator Robert Casey wrote to the SEC Chair, Mary White, about the danger of Alibaba IPO on July 11.<sup>57</sup> The rhetoric of the SEC review is that this agency does not judge the offering company; instead, it makes sure that the company fully discloses the risks involved in the offering so investors are well-informed. So, as long as Alibaba met the SEC’s disclosure requirements, the IPO could be approved. But Senator Casey was concerned that the SEC might not work effectively to protect American investors from the VIE structure used by Chinese companies like Alibaba.

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<sup>57</sup> The letter can be retrieved at <http://www.casey.senate.gov/newsroom/releases/casey-to-sec-protect-us-investors-in-chinese-ipos-transactions-could-leave-us-investors-with-few-safeguards-if-they-invest-in-shell-corporations>.

In this letter, Casey first set up a big picture of the recent trend of Chinese technology companies turning to the U.S. to raise funds, particularly Alibaba. Next, Casey cited precedents of China-based companies that were charged by the SEC because of fraud. Transparency was raised as a big concern. Additionally, Casey focused on VIE and defined them as “shell companies that give investors contractual claims to a firm’s profits but do not legally grant them ownership of the company.” The analogical use of “shell companies” may cast a negative impression about Alibaba on investors. Casey also pointed out that the Chinese government policies played an important role in VIE:

More concerning, given the Chinese government’s interest in restricting foreign ownership in certain industries, it is far from clear that the contractual claims underlying VIEs are enforceable. In fact, in recent years Chinese courts and arbitration boards appear to have invalidated VIE contracts and similar arrangements. As a result, VIE structures pose significant risks to American investors accustomed to the idea that shares sold on stock exchanges amount to legally sound ownership stakes in revenue-generating companies.

This paragraph starts with “more concerning” to set up an urgent tone, progresses with “in fact” to state evidence, and then ends with “as a result” to show consequence. The risk of VIE is related to the Chinese government’s stance on the validity of VIE. It says in the paragraph: “in recent years Chinese courts and arbitration boards appear to have invalidated VIE contracts and similar arrangements.” The word “appear” shows a possibility, but as it is put in a sentence starting with “in fact,” it seems to give audience an impression that this possibility is likely to become true. Although Senator Casey’s letter was written about Chinese IPOs, as it was sent to the SEC Chair during Alibaba’s IPO, it was perceived as a warning to investors who were interested in Alibaba IPO.

In sum, when discussing people and structures in Alibaba, the online tertiary audience took the role of an interpreter. The portrayal of people and structures in Alibaba

tends to be more subjective and emotional. The general mood is negative—Alibaba and its IPO are dangerous to U.S. investors. Besides, some media interpretations tended to follow cultural stereotypes. For example, when Alibaba revealed its ticker (stock symbol) “BABA,” some media reporters interpreted “BABA” as a representation of “88” because the pronunciation of “BA” and “8” was the same. Furthermore, those reporters inferred that “88” represented August 8. Because the culture stereotype says the Chinese like “8,” a symbol of prosperity, those reporters confirmed that Alibaba planned to launch its IPO on August 8. If Alibaba missed this date, then it implied that Alibaba met difficulties. In reality, Alibaba never planned or stated that they would launch the IPO on August 8. However, we could see how a media rumor may influence investors’ mood about the company.

Another example is about the connotation of “Alibaba,” the company’s name. The name is from the famous folk tale “Ali Baba and the Forty Thieves.” Jack Ma revealed that he picked this name because everyone knows it, and also because “Alibaba” means “Open Sesame” for him. He felt that the phrase was cute and optimistic. On the other hand, some U.S. media reporters warned investors to be cautious because “Alibaba” is accompanied by “forty thieves.” Again, we see how the same subject could be interpreted differently.

**Processing Alibaba’s Rebuttal.** The above analysis shows that the online tertiary audience took an active role of reporting and interpreting Alibaba and its IPO, though the rhetor Alibaba became invisible and passive. This passivity makes sense because the SEC’s “quiet period” rule does not allow the offering company to communicate with the public directly about its offering. Consequently, we saw the online tertiary audience

actively creating ecologies through their descriptions and interpretations and circulating positive and negative emotions among those ecologies. Some ecologies are not beneficial for Alibaba's IPO. Some are even destructive. As some of the negative ecologies grew more contagious, Alibaba sent its rebuttal directly. Or, the rebuttal was sent through the third party.

On July 20, *The New York Times* published an article online, titled "Alibaba's I.P.O. Could Be a Bonanza for the Scions of Chinese Leader."<sup>58</sup> This article says: "What Alibaba did not detail was the deep political connections of the investment firms, Boyu Capital, Citic Capital Holdings and CDB Capital, the China Development Bank's private investment arm." Immediately, Alibaba posted in *The New York Times*' words, a "strongly-worded statement" in Chinese on their official Weibo, refuting *The New York Times*'s portrayal of Alibaba's political connection.<sup>59</sup> *The New York Times* quoted some of Alibaba's statement: "To those outsiders who stress companies' various 'backgrounds,' we didn't have them before, we don't have them now, and in the future we won't need them!"<sup>60</sup> This claim carries strong emotion. Probably because the portrayal of its political connection could cause investors to have negative feelings for Alibaba, the company broke silence to refute *The New York Times*'s statement. But the rebuttal did not use logos initially—later Alibaba gave its reasoning for its rebuttal.

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<sup>58</sup> *The New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/07/20/alibabas-i-p-o-could-be-a-bonanza-for-the-scions-of-chinese-leaders/?ref=topics>.

<sup>59</sup> *The New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/07/21/alibaba-says-it-relies-on-markets-not-connections/>.

<sup>60</sup> *The New York Times* articles were circulated in the English language environment and were not reprinted in Chinese language. The Alibaba's Weibo statement was in Chinese and targeted Chinese audience. The confrontation between *The New York Times* and Alibaba indicates that the two parties were monitoring each other. The Internet provides a "place" for interactions.

Similarly, Alibaba took an emotional approach to fight back some negative Chinese media reactions.

On July 18, Alibaba posted a statement (in Chinese) on their official Weibo, a Chinese Twitter-like microblog, “Voice from the ‘Quiet Period.’” Alibaba revealed that the company was suffering from a “media blackmail,” which demanded \$300,000 to terminate negative reports about the company from *a* Chinese magazine and *a* We Media writer (a blogger). This incident was less reported in the English language environment but gained a lot of attention in China. Similar to the response that Alibaba sent to *The New York Times*, Alibaba’s statement in this incident was perceived as strong-worded and emotional. Some Chinese media reporters commented that Alibaba’s rebuttal was reasonable but may appear to be overly defensive and childish because Alibaba did not specify which media outlet they were refuting. Therefore, it seemed that Alibaba was desperately setting *all* media as their enemies.

Despite the appropriateness of the emotional approach that Alibaba adopted in its rebuttal, this approach indicates that Alibaba really cared about the moods that the media had disseminated. By refuting emotionally, Alibaba could at least disrupt the negative mood before it became prevalent. From the perspective of regional rhetoric, the circulation of feelings in the public is important for rhetors. On the other hand, Alibaba’s “voicing” from the “quiet period” shows that the company was not well-prepared for coping with the malicious online tertiary audience.

As the “drama” about Alibaba grew more and more severe, Jack Ma sent another internal e-mail to Alibaba employees, addressing his concerns about the recent negative

reactions against Alibaba's IPO.<sup>61</sup> Ma shared his perceptions of the "environment," such as the negative media reports. He described Alibaba in the early stage as a child whose innovation was considered "lovely." But as the child grew older, its innovation could be considered as "destruction." Ma admitted that Alibaba did not communicate with the outside world well and asked Alibaba employees to adjust themselves to accommodate other people's discomfort. Jack Ma called employees' attention to Alibaba's mission and cautioned that change took time. Amongst the controversies, Ma tried to strengthen Alibaba's character through reminding Alibaba employees of their company's mission. Ma's letter shows his strong determination of dwelling in the ecologies formed by online English tertiary audience reactions. On July 31, Alibaba appointed Jane Penner, former Head of Investor Relations of Google and former senior editor of The Street.com, to lead Alibaba Group's Investor Relations team, based in San Francisco.

Meanwhile, an article from Yahoo's former president, Sue Decker, was circulated among the online tertiary audience. On August 6, Decker published an article at *Harvard Business Review*, titled "An Insider's Account of Yahoo-Alibaba Deal."<sup>62</sup> As previously discussed, Yahoo was considered as a reference for U.S. investors because of its long-term partnership with Alibaba. However, Yahoo's dispute with Alibaba regarding the Alipay spinoff brought investors negative feelings about Alibaba and Jack Ma's credibility. To a great extent, Yahoo's stance on Alibaba became important for changing public feelings. In this article, Decker expressed how Yahoo built a partnership with

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<sup>61</sup> This internal email was posted on several Chinese websites, including ifeng.com, the official website of Phoenix Television, a leading television broadcaster, based in Hong Kong: [http://tech.ifeng.com/bat3m/detail\\_2014\\_07/29/37575777\\_0.shtml](http://tech.ifeng.com/bat3m/detail_2014_07/29/37575777_0.shtml).

<sup>62</sup> The *Harvard Business Review* article can be retrieved at <https://hbr.org/2014/08/an-insiders-account-of-the-yahoo-alibaba-deal>.

Alibaba when they realized that “we had to be willing to loosen the reins of control.” Decker also described Jack Ma as a leader who “displayed a distinctive humility and openness.” Those two descriptions sent assurance to investors and softened Ma’s image as an aggressive leader. Decker also described how Alibaba won the competition against Eachnet, an eBay-endorsed technology company. This description shows Alibaba’s good sense of business. Additionally, Decker described how she viewed Google’s withdrawal from China, in the light of Google’s competition against Baidu in China. Decker said: “But how much of the decision [Google’s withdrawal decision] was due to the political climate and how much to being outgunned operationally is unclear.” Indirectly, Decker appeased investors who were concerned about the Chinese government policies. It is unclear whether this article was released at Alibaba’s request, but the use of the third-party assurance could help the Alibaba adjust the existing public mood.

Alibaba’s rebuttal against tertiary audience reactions reflects its concern for the circulation of negative feelings about the company in the public. Alibaba’s initial emotional response awakened the company to the importance of dwelling among the ecologies of tertiary audience reactions.

Overall, the flow of online English tertiary audience reactions in this period shows some competing forces. Descriptions of Alibaba’s business capabilities created positive feelings in investors, but discussions about people and structures in Alibaba sent a strong warning to investors. Finally, Alibaba threw their voice into the discussions, hoping to change the negative attitude towards the company. At this stage, it is not clear which force and which mood would dominate investors’ decisions.

In contrast to the competing forces among online English tertiary audience, the

online Chinese tertiary audience seemed to develop a universal view. The online Chinese tertiary audience responded to the issues addressed by the English news media but with a different perspective. For example, one Xinhua news article explained that Alibaba's recent acquisition ahead of the IPO was a strategy of avoiding similar issues occurred in the Alipay spinoff, which was understood as an incident that resulted from different opinions between Alibaba and investors (e.g., Yahoo).<sup>63</sup> This article points out that the acquisition reflects Alibaba's diffidence in persuading investors—Alibaba was afraid of losing control after the IPO and therefore accelerated its acquisition plan. The partnership structure and the selection of partners were understood as a strategy of maintaining the company's mission, value, and culture.

The U.S. congressional report on the high risks of VIE was discussed among online Chinese news media, but it was not considered as a major barrier that may prevent Alibaba from launching the IPO since the VIE structure had existed for a long time. However, the timing of the report was considered important. Some online Chinese news media speculated that because the U.S. congressional report sent a warning to investors in an exigence (investors needed to make their purchasing decisions), this report might lower Alibaba's IPO price. Consequently, some people may benefit from short selling.<sup>64</sup> Overall, the online Chinese tertiary audience seems to circulate a sense of rational evaluation.

### **Settlement (August 12 – September 14)**

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<sup>63</sup> The Xinhua article can be retrieved at [http://jjckb.xinhuanet.com/2014-06/17/content\\_508914.htm](http://jjckb.xinhuanet.com/2014-06/17/content_508914.htm).

<sup>64</sup> *Investopedia* defines "short selling" as "the sale of a security that is not owned by the seller, or that the seller has borrowed." Some investors make money from purchasing stocks that they believe will decline. This causes huge losses for the listing company.

The third flow occurred between Alibaba's fifth and seventh filing periods (August 12 – September 14). The *topoi* and feelings regarding Alibaba's IPO became clear. Mostly, the online tertiary audiences were circulating previous *topoi* and distinguishing their attitudes towards Alibaba. The *Guardian* article comments: "The feelings regarding the company are mixed. There are major supporters, but others are apprehensive about purchasing stock in this company which is based in China."<sup>65</sup> On the other hand, Alibaba's dwelling in the ecologies is reflected in its revision of the IPO prospectus. Overall, the flow during this period is manifested as a settlement of *topoi* and feelings. I describe how the online tertiary audience built on the previous *topoi* and continued circulating feelings.

**Rationalizing Alibaba's Profitability.** It became clear that profitability was the primary issue that investors were interested in and the major factor that could motivate investors. The revisions of Alibaba's IPO prospectus indicate that the company tried to assure investors about their profits from Alibaba and tried to disclose more exciting business records to boost investors' confidence.

In previous media discussions, the issue of the Alipay spinoff had caused apprehension in investors. In the fifth filing, Alibaba added its plan to sell Alipay to Small and Micro Financial Services and arrange a contract between the two to make sure that Alibaba would benefit from Alipay. In this way, investors were assured of benefits and reduced some of their concerns regarding the complex relationship between Alibaba and Alipay. The Alipay separation indicates Alibaba's strategic move of addressing

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<sup>65</sup> The *Guardian* article can be retrieved at <http://guardianlv.com/2014/08/alibaba-group-faces-challenges-gaining-investor-confidence/>.

investors' concerns about Alipay. Yahoo also released an announcement that Alibaba's move of separating Alipay was negotiated with and endorsed by Yahoo.

During the sixth filing period, the online English media reported Alibaba's spectacular revenue growth in mobile business, which CNN called "insane profits."<sup>66</sup> Alibaba's revenue surged drastically. Meanwhile, Alibaba claimed that it would continue doing acquisitions in both China and the U.S. An *LA Times* article commented: "Alibaba's strong showing in its most recent quarter helps build excitement for its upcoming IPO."<sup>67</sup> By displaying revenue surge, Alibaba tried to build a "momentum" that excited investors and then turn this excitement into investors' purchasing actions. In its seventh filing, Alibaba set the per share price range between \$60 and \$66 and planned to raise \$155 billion.

The continual focus on Alibaba's profitability reinforced investor's expectation and enthusiasm for Alibaba. This mood also helped to build a positive environment for Alibaba and even other Chinese companies. For example, a *Wall Street Journal* article says that Alibaba IPO may rekindle investor interests in Chinese companies, lessening the shadow casted by the fraud allegations that some Chinese companies confronted.<sup>68</sup>

**Dwelling on Chinese and China.** In contrast to the positive feelings consolidated from Alibaba's profitability, negative feelings continued to accumulate and got clarified. Previous media discussions focused on Jack Ma, other Chinese partners in the Alibaba group, the Chinese government policies, and even politics in China. Those specific topics

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<sup>66</sup> The CNN article can be retrieved at <http://money.cnn.com/2014/08/27/investing/alibaba-profit-triples-ipo/>.

<sup>67</sup> The *LA Times* article can be retrieved at <http://www.latimes.com/business/la-fi-alibaba-earnings-ipo-20140828-story.html>.

<sup>68</sup> The *Wall Street Journal* article can be retrieved at <http://online.wsj.com/articles/more-chinese-internet-companies-to-list-in-new-york-after-alibaba-1407932402>.

were consolidated into people's feelings about the country and the people.

Jack Ma was still in the spotlight. Ma was described by the English media as “charismatic” because of his public speaking skills. *The New York Times* contributed an entire article on Jack Ma, titled “The Jack Ma Way.”<sup>69</sup> Ma was portrayed as a “chief negotiator,” “top strategist,” “biggest individual investor” in Alibaba, and publicist. Ma was depicted as a person who likes “doing things his way.” The Alipay spinoff was brought up again: “Mr. Ma transferred ownership of Alibaba’s fast-growing online payment service, Alipay, to an entity that he controlled. He didn’t get the permission of Alibaba’s board. He just went ahead and did it. While Yahoo complained, Mr. Ma seemed to get everything he wanted.” On the one hand, Ma was portrayed as a skillful rhetorician. On the other hand, his handling of the Alipay spinoff made investors question his morality. In contrast to Quintilian’s portrayal of an ideal rhetorician who is a good person who speaks well, Ma was depicted as an eloquent person who may not be reliable. Investors were left to decide whether they would count on Ma.

The media noticed in Alibaba’s fifth filing that Jack Ma initiated a bonus program, which allowed senior executives and Alibaba staff to obtain share rights from an affiliated company that Ma controls. Some of the media reporters were concerned that this program may further reduce investor control of the company. The English media also noticed that Alibaba added three new members to its board and brought the total number to 30. Discussions were centered on how Alibaba tightened control and how much

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<sup>69</sup> *The New York Times* article can be retrieved at <http://www.nytimes.com/2014/09/07/business/international/at-alibaba-the-founder-is-squarely-in-charge.html>.

control investors might lose.

In the seventh filing, Jack Ma embedded his letter to investors. At the beginning of the letter, Ma told investors: “If you invest with us, you will be embarking on a journey with Alibaba.” *The Economist* expressed concerns about the potential hurdles along the journey: “So the journey looks to be a wild ride—but if Mr. Ma gets his way, at least it will not be a short one.”<sup>70</sup> From Alibaba’s first filing, investors were concerned about Alibaba’s globalization plan, but later they realized that Alibaba probably would focus on the Chinese market. A *Forbes* article confirmed this notion by adding what Jack Ma thought of Alibaba’s e-commerce: “China is the ‘main course,’ while developed markets like the U.S. are merely ‘dessert.’”<sup>71</sup> In this sense, investing in Alibaba means investing in China.

For investors who were comfortable with China and people like Jack Ma, Alibaba’s IPO was a chance for them to participate in the company’s business endeavors. But investors who were fearful of China needed an emotional adjustment before they decided to invest in Alibaba.

Overall, online English tertiary audience reactions indicate a settlement on Alibaba’s profitability and dwelling on Chinese and China. The two *topoi* led to different feelings. In contrast to the online English tertiary audience’s discussion of the specific issues in Alibaba’s IPO, the online Chinese tertiary audience continued to look at Alibaba’s IPO in a context. Regret was still expressed regarding Alibaba’s choice of

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<sup>70</sup> *The Economist* article can be retrieved at <http://www.economist.com/news/business-and-finance/21615996-long-last-alibaba-reveals-details-its-massive-public-flotation-journey-102-years>.

<sup>71</sup> The *Forbes* article can be retrieved at <http://www.forbes.com/sites/joelbackaler/2014/09/07/after-alibabas-ipo-key-questions-about-its-international-expansion/>.

getting listed in the U.S. and China's loss of a good technology company.<sup>72</sup> In contrast to the mixed feelings towards China and Chinese in the online English tertiary audience reactions, online Chinese tertiary audience discussions show confidence in U.S. investors' interest in the innovation stories from Chinese technology companies, the Chinese consumers, and the Chinese market. The general mood is positive. During this period, Alibaba seemed to recognize the importance of making its identity transparent and appealing to U.S. investors. *The New York Times* noticed that Alibaba portrayed itself "as a champion of small business" in its electronic roadshow.<sup>73</sup> Jack Ma says in his letter to investors that Alibaba aims to "help small businesses grow by solving their problems through Internet technology." Those statements add a sense of social responsibility to Alibaba.

### **Climaxing (September 14 – September 19)**

Finally, after going through "identification," "competition," and "settlement," the flow of online tertiary audience reactions was brought to a climax, five days before Alibaba launched its IPO on the New York Stock Exchange. Here I use the word "climaxing" to describe how the online tertiary audience tried to take the final chance to express their positive or negative stance on Alibaba's IPO, disseminating positive or negative energies at their very best, and demanding investors to become their allies. The media coverage on Alibaba's IPO during the final period is as insane as a "war."

**Dwelling on Negative Energy.** Some tertiary audience reactions expressed strong

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<sup>72</sup> Alibaba first chose Hong Kong Stock Exchange (HKSE) for their IPO, but then left for the U.S. because the HKSE could not accommodate the partnership structure that Alibaba insisted on. Under the partnership structure, only the Alibaba partners have voting rights. This means the partners can maintain their control of the company.

<sup>73</sup> *The New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/09/05/alibaba-seeks-21-billion-in-highly-awaited-i-p-o/>.

concerns for potential risks in Alibaba's IPO. Some sent strong warnings to investors who were planning to invest in Alibaba. Common issues discussed before were recycled, such as VIE, Alipay spinoff, Alibaba's acquisition rationale, and Alibaba's globalization strategy. Alibaba was considered as a member of the poorly performed China Concept Stock. For example, *The Wall Street Journal* article says: "Investors have a natural tendency to think of each company going public as a special case. But you will get a clearer sense of what to expect for Alibaba's IPO if you think of it not as a unique case but rather as part of a class, meaning a broader set of similar companies."<sup>74</sup> The "class" refers to the China Concept Stocks on the U.S. market, which were caught in the fraud allegation in recent years. Also, investing in Alibaba was described as "a long and turbulent ride" in contrast to the 102-years journey that Ma joyfully described.

Furthermore, Alibaba's corporate governance (the partnership structure) was portrayed as a reflection of Alibaba's negligence and disrespect for investors. *The Guardian* article summarizes the Alibaba's partnership structure in this way: "we will take your money, but we're not interested in your ideas."<sup>75</sup> The article even embedded a picture of a begging dog to portray investors' status in Alibaba. The tone is humiliating for those investors who were interested in investing in Alibaba.

Although Alibaba tried to address investors' concerns about Jack Ma's control of Alipay by indicating in the seventh filing that Ma intended to reduce his stake in Alipay within three to five years, the media still doubted that "intention" would not necessarily

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<sup>74</sup> *The Wall Street Journal* article can be retrieved at <http://blogs.wsj.com/moneybeat/2014/09/15/if-you-buy-alibaba-be-ready-for-a-rough-ride/>.

<sup>75</sup> *The Guardian* article can be retrieved at <http://www.theguardian.com/money/us-money-blog/2014/sep/17/alibaba-worlds-biggest-ipo-economic-underclass-investors>.

be translated into a legal commitment. Consequently, the Alipay spinoff was still portrayed as a concern for investors.

After getting a reply from the SEC Chair Mary White, Senator Casey sent another letter<sup>76</sup> to the Chair on September 17, addressing his dissatisfaction with White's assurance that the SEC adequately reviewed Alibaba's registration statement and warning that Alibaba IPO could cause American investors' loss from a "reversed merger."<sup>77</sup> Mark Mobius, an emerging markets fund manager at Franklin Templeton Investments, asked investors to stay away from Alibaba.<sup>78</sup> Securities lawyer Andrew Stoltmann warned investors more explicitly: "Investors should steer clear of the Alibaba IPO despite the breathtaking pitches of near-certain riches by their financial advisers and stockbrokers . . . Thousands of investors have been burned and scammed by believing the hype when it comes to Chinese companies. Alibaba might be the next one to lure unsuspecting investors into large losses."<sup>79</sup>

**Dwelling on Positive Energy.** In spite of the negative emotion, positive emotion was circulated through *topoi* such as the strong market demand for Alibaba's IPO, the strong investor attendance of Alibaba's roadshow, and the new ConvergeX Group survey results.

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<sup>76</sup> Senator Casey's September letter to the SEC Chair Mary White can be retrieved at <https://www.casey.senate.gov/newsroom/releases/casey-presses-regulators-on-protections-for-us-investors-in-ipos-of-chinese-companies>.

<sup>77</sup> A "reversed merger" refers to the acquisition of a public company by a private company so that the private company can bypass the complex process of going public. For more references, see the article "Shell Games: the Long Term Performance of Chinese Reverse Merger Firms" at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2155425](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2155425).

<sup>78</sup> The related article can be retrieved from *CNN Money* at <http://money.cnn.com/2014/09/17/investing/mark-mobius-alibaba-ipo/>.

<sup>79</sup> The CNBC article can be retrieved at <http://www.cnbc.com/2014/09/18/three-things-that-could-go-wrong-with-alibaba-ipo.html>.

It was reported that Alibaba leveled its projected price in response to the strong market demand, which showed investors' enthusiasm. A *Christian Science Monitor* article comments that investors who were interested in buying Alibaba stock were those who were looking for opportunities to invest in China's explosive growth.<sup>80</sup> Indirectly, this article calls for investors to participate in China's economic development. The credibility of *Christian Science Monitor* as a serious publication also appealed to investors.

Alibaba's face-to-face roadshow gained strong media interest. Though media reporters were not able to attend the roadshow, they still transferred the message of interested investors eagerly waiting for Jack Ma's talk and Alibaba team's presentation. Reports showed that investors were especially impressed by Ma's talk. A message from Ma's talk was emphasized: "How can we make sure our culture can help attract, train and develop enough young people that can help small businesses do business easier in the world—this is the thing I worry the most."<sup>81</sup> This message conveys Ma's social responsibility and his vision for Alibaba's future.

The ConvergeX Group's September survey report on Alibaba's IPO indicated upbeat business sentiment about the company, especially after the company's roadshow.<sup>82</sup> It turned out that 54% of their respondents thought Alibaba would level its final price for the IPO, and 49% said they would plan to purchase Alibaba stock, which

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<sup>80</sup> The *Christian Science Monitor* article can be retrieved at <http://www.csmonitor.com/Business/Saving-Money/2014/0916/Alibaba-IPO-is-in-high-demand-but-who-are-its-customers>.

<sup>81</sup> The related *Wall Street Journal* article can be retrieved at <http://www.wsj.com/articles/alibaba-asia-roadshow-begins-jack-ma-says-company-to-expand-aggressively-in-u-s-1410765839>.

<sup>82</sup> The ConvergeX Group survey report can be retrieved at <http://www.converge.com/company/press-room/converge-group-survey-supports-decision-to-increase-alibaba-ipo-price-rang>.

was increased from the number 43% in July.

Additionally, positive sentiment can be found in discussions about the significance of Alibaba's IPO. Michael Moritz, the Chairman of venture-capital firm Sequoia Capital, who has invested in Alibaba for several years, told *The Wall Street Journal*: "The IPO is gradually making those who were less familiar with the company and what's happening in China pay attention. It raises all sorts of incredibly interesting questions for Internet companies that aren't headquartered in China. Over the next decade, what has effectively been separate theaters of activity — China and the West — will become one global battlefield."<sup>83</sup>

Overall, in the final days before Alibaba launched its IPO, online tertiary audience reactions in the U.S. went to two extreme directions. The feelings circulated were either positive or negative. This dichotomy makes sense because investors needed to make their final decisions about purchasing Alibaba's stock shares. A strong positive feeling would motivate investors to purchase the stock shares resolutely, while a strong negative feeling would take investors away from getting involved in Alibaba.

**Alibaba's Dwelling.** For the final fight over investors, Alibaba took two approaches to circulate its mood among investors and the general public. As the identity issue became a major concern for both U.S. and Chinese audiences, Alibaba started circulating the statement on Alibaba's identity during the final stage of the IPO promotion: "We are not a Chinese Internet company. We are an Internet company just happened to be in China." Strategically, this statement circumscribes the negative feeling

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<sup>83</sup> *The Wall Street Journal* article can be retrieved at <http://blogs.wsj.com/digits/2014/09/17/sequoias-moritz-alibaba-ipo-signals-new-internet-era/>.

about China Concept Stock. More importantly, for investors who were afraid of China and the Chinese government, this statement opens a dwelling place for them.

In addition to circulating the statement about Alibaba's identity, the company distributed a t-shirt (see Figure 4.1) to its employees in China and asked them to wear it on Alibaba's IPO day. In the U.S., Alibaba distributed the t-shirt as a souvenir to potential investors, business partners, TV hosts, etc. On the IPO day, the eight Alibaba customers who rang the bell on the New York Stock Exchange and Ma's bodyguard were also wearing the t-shirt when appearing in the U.S. public.



*Figure 4.1: T-shirt distributed at Alibaba's IPO*

The front of the shirt says: "One has to have dreams." The back declares: "What if they come true?" Originally, the two sentences were the title of a contemporary Chinese graphic novel (see Figure 4.2), which encourages Chinese youth to pursue their dreams. Jack Ma then used the two sentences in his public speeches in China. Although the original use and Jack Ma's use of the two sentences are different in terms of rhetorical

situations, the feelings circulated are the same. When used in this t-shirt, the same feeling was circulated among Alibaba’s IPO audience. This shirt, a material artifact, transmitted a strong sense of hope—maybe this is Alibaba’s mood in this IPO. The entire Alibaba story is about a dream that became true, if the U.S. media ever got it.

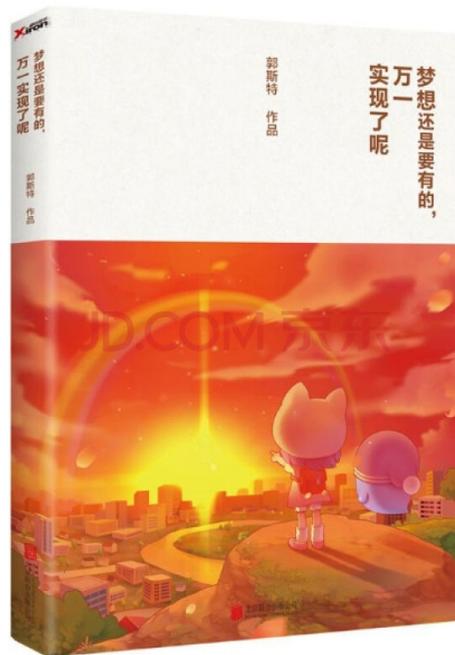


Figure 4.2: The Chinese graphic novel 梦想还是要有的，万一实现了呢

In her proposal for rhetorical ecologies, Jenny Rice (2005) used the “Keep Austin Weird” campaign as an example to demonstrate affective and viral rhetoricity. In this campaign, the original phrase “Keep Austin Weird,” which was printed on a library sticker, quickly entered the city’s cultural circulation. It was printed on t-shirts, in local business ads, etc., and the phrase was transformed into different forms such as “Keep Austin Reading,” “Keep Austin Liberal Arts,” and even “Keep Austin Normal.” What was circulated here is not the rhetorical situation but the moods in the city. Similarly, such affective and viral rhetoricity can be found in the “Keep Calm and Carry On”

phrase, which was originally produced by the British government in a motivational poster during the WWII and then was circulated and transformed into different forms. Two striking features of the affective and viral rhetoricity that Rice describes are the material experiences and the contagious feelings. They were manifested in the t-shirt that Alibaba distributed in the IPO.

Wearing the t-shirt on the IPO day helped the Alibaba employees boost their morale. Distributing the t-shirt in the U.S. helped Alibaba share their hope and optimism with their U.S. audience. From the perspective of regional rhetoric, the Alibaba t-shirt could help the company adjust the U.S. investors' moods towards the IPO. For the Chinese, the success of the IPO made the slogan "One has to have dreams. What if they come true?" one of the most popular phrases in China in 2014. The feeling circulated is optimism for a persistent pursuit of dreams. Fifteen years ago, Ma tried to launch the Alibaba IPO in the U.S., but he was rejected by 30 venture capitalists; fifteen year later, he tried again. Jack Ma revealed when interviewed by CNBC on the IPO day that he hoped this IPO could prove to Chinese youth that dreams do exist and are worth pursuing.

In the end, Alibaba decided to dwell on their original mood, the hope for a dream to come true, to win the U.S. investors' trust.

### **Conclusion**

In this chapter, I presented my findings of the online tertiary audience's reactions through applying Thomas Rickert's conceptualization of dwelling and Jenny Rice's proposal for regional rhetorics. Rickert's conceptualization of dwelling emphasizes the importance of the material environment, and Rice's proposal for regional rhetoric focuses

on the affective, viral ecologies comprised of material experiences and public feelings. I consider the online tertiary audience reactions as affective ecologies surrounding Alibaba in this IPO. Those ecologies were fluid. Aiming to track the ecologies among the online English tertiary audience reactions, I described and interpreted four major flows among those reactions: identification, competition, settlement, and climaxing. Those flows were formed by several *topoi*. Analysis of those *topoi* indicates a general pattern of rationalization via logos versus reasoning via emotion.

Alibaba's IPO is a difficult one because (for U.S. investors) it involved high profitability and high risks. When investors examined Alibaba's past and recent revenues, they were excited and confident that Alibaba IPO was a good deal. But when they thought of factors such as VIE, Alibaba's partnership structure, the Alipay spinoff, Jack Ma, and China, they were afraid. They were afraid not because their rationalization told them that those factors would logically lead to a disaster; instead, it is their preoccupied feelings about those factors that discomforted them and made them hesitate. The same *topoi* were discussed back-and-forth in different forms and in different tones among the online English tertiary audience. Consequently, those *topoi* formed the four major flows of online English tertiary audience reactions. For investors, the issue that bothered their decision-making was finally boiled down to whether they would dwell with China and the Chinese. Compared to logical reasoning, it seems that what investors needed is an "attunement," which refers to how one finds one's disposition in the world (Rickert, 2013, p. 9). Feelings are the key in this attunement, but feelings are derived from material experiences.

For Alibaba, monitoring and interacting with the online English tertiary audience

taught them the importance of “attunement,” as Jack Ma revealed in his internal e-mail to Alibaba employees after a sad confrontation with *The New York Times* and a Chinese We Media writer. From displaying the revenue surge in the prospectus, separating Alipay from Alibaba, circulating a slogan about Alibaba’s identity, to distributing the “dream” t-shirt, Alibaba finally settled on adjusting investors’ mood towards Alibaba.

Analysis of the online English tertiary audience reactions indicates: for investors, they needed to jump from their rationalization to believe in Alibaba emotionally; for Alibaba, they needed to take actions to help investor take what Piotr Sztompa (1999) calls “the leap of faith” (i.e., the suspension of uncertainty). So, applying rhetorical concepts of “dwelling” and “affective ecologies” to Alibaba’s case, I showed how feelings and emotions played in trusting Alibaba. For understanding “trust,” outcomes from rhetorical analysis correspond to the sociologist stance on trusting as “taking a leap of faith.” This definition of “trust” is the opposite to the notion of “trusting” as rationalization via logos. But, it is also important to notice that this emotional impulse which propels people to believe in something is inseparable from prior logical reasoning. Jack Ma explains this “leap of faith” from his perspective on investors: “Specialist investors don’t make investments based on emotional impulses, but once they have invested in you, there are plenty who are all of a sudden hit by emotional impulses.”

I would like to stress the rhetorical contribution to the sociologist view on “trust.” Sociologists argue that some trust is about “taking a leap of faith,” which requires trustors to suspend their uncertainties and just believe in the trustee.<sup>84</sup> Guido Möllering (2006)

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<sup>84</sup> See Chapter 5 “Trust Beyond Risk: The Leap of Faith” in Guido Möllering’s (2006) *Trust: Reason, Routine, Reflexivity*.

considers that “the leap of faith” should be the essential element at the heart of trust. This view of trust has found its way into organization theory. Sociologists have been working at how to realize the “leap of faith” such as taking trust as a fiction and imagine the future as if we know it. From a rhetorical perspective, prior logical reasoning sets up the ground for taking the leap, but taking this leap requires a material environment that can help attune the trustors. This material environment consists of interwoven, affective ecologies, which are formed by some *topoi*. Working at those *topoi* in a material way, such as Alibaba’s revision of the prospectus and circulation of the “dream” t-shirt, can help shape the feelings generated from the *topoi*. When those *topoi* are circulated, exchanged, or recycled, the feelings flow and finally consolidate. The consolidation of feelings is the dwelling place where the trustors find their disposition in the environment. Reversely, the consolidation of feelings is also the dwelling place for the trustee. For future studies, we could explore further how other rhetorical elements can help trustees to take “the leap of faith,” especially in terms of the use of medium. In Alibaba’s case, we see that the Internet plays a crucial role in forming the ecologies: the speed, reach, and interactivity of the Internet facilitate timely information dissemination (Gurak, 2001, p. 30). An integration of rhetorical and sociological theories could contribute to some pragmatic areas such as psychology, business management, and education.

Additionally, analysis of online tertiary audience reactions generates a couple of implications. First, communities can take the form of a physical gathering or the form of shared values and beliefs. It can also take the form of shared feelings. Ultimately, the online English tertiary audience tried to circulate contagious feelings and gather audience in affective, viral ecologies. The shared feelings within the ecologies would propel

investors to act. This finding is consistent with the relationship between media's affective priming and corporate reputation that is covered in the literature review in Chapter 2.

Second, from the perspective of regional rhetorics, the online tertiary audience reactions do reflect how regions function as the interface that Rice (2012) defines. Regions also appeared to be fluid and were used as a strategy to influence investors' decisions. However, what Rice calls "regions as folds" (p. 209) did not seem to be fully accomplished in Alibaba's case. In my above analysis, I supplemented the analysis of online English tertiary audience reactions with some observations from the online Chinese tertiary audience reactions. It turned out that the online Chinese tertiary audience reactions also carried certain emotions, such as regrets for the identity change of Alibaba that may occur in the U.S. IPO. At times, the Chinese tertiary audience reactions corresponded to the U.S. reactions, such as the reactions to the U.S. congressional report on the risks of VIE. Similar to the U.S. counterpart, the online Chinese tertiary audience also formed affective ecologies through their descriptions and interpretations of issues in the IPO. However, the moods generated in the Chinese ecologies did not flow into the U.S. ecologies. This is to say that the online English and Chinese tertiary audiences were forming their own ecologies and circulating their own emotions without much *contact*. The online Chinese tertiary audience did report and translate some mainstream U.S. media reports for the Chinese audience. But, unfortunately, this IPO took place in the U.S., and the targeted audience was the U.S. investors. On the other hand, my analysis does not indicate that the online English tertiary audience paid much attention to the public feelings about Alibaba's IPO in China. Even though Alibaba employees were wearing the "dream" t-shirt and Jack Ma delivered a public speech on the Internet to the

Chinese public when they were preparing for launching the IPO at New York Stock Exchange, the morale that was boosted and the feelings that were circulated in China did not reach the U.S. audience. The Internet, the technological medium, can help transmit, exchange, and circulate information and moods. It should be fluid. However, it is still up to the human beings still need to use the technology to fulfill the “regions as folds.” Suppose that the moods circulated into China were brought in the U.S. ecologies, what would happen to everyone’s dwelling in this IPO?

Third, the analysis of online English tertiary audience reactions indicates an interesting pattern of dwelling through identification. The U.S. audience looked for something that could connect them to Alibaba. For example, investors compared Alibaba with Amazon and Paypal. Cultural values and customs influence dwelling. So did the online Chinese tertiary audience. For instance, the Chinese media looked the Alibaba IPO in a national context and emphasized what this individual case could bring to the country, to Chinese entrepreneurship, and to Chinese youth. Rhetorically speaking, identification is an important factor and strategy for persuasion. On the other hand, for intercultural rhetorics, when every party tries to identify from its own perspective how could we make a dwelling place for everyone to flourish?

Last, Alibaba’s emotional reaction to *The New York Times* did not seem to benefit the company. Especially, for companies in the “quiet period” it is risky to break the silence. Nevertheless, Alibaba’s later approach of finding the third party such as former president of Yahoo to release an article to the public and indirectly back up Alibaba seems to be appropriate and effective. This strategy also indicates the importance of Investor Relations, the direction that Alibaba turned to after their emotional confrontation

with *The New York Times*.

In the end and again, I would like to stress the importance of the material environment to ethos as dwelling, which can result in trust. Trust is precious. Subconsciously, we all desire trust. Dwelling ecologically requires an attunement, which is fulfilled through feelings derived from the material environment. If the material environment is unfavorable, for example, if workers are monitored and scolded by the supervisor and rumors about those workers are spreading among the management team, then those workers will feel insecure about working in this environment. If such an environment continues, the feeling of insecurity will accumulate. Finally, the sense of insecurity could propel those workers to take radical actions against the supervisor because they could not take “the leap of faith” and trust the supervisor, though subconsciously they wanted to put their trust in the supervisor in order to work and make a living. The loss of trust in this sense is unfortunate and can be prevented, if we attend to the importance of environment and improve the ecologies for dwelling.

## Chapter 5 Dwelling Discursively: The IPO Prospectus

*“If you invest with us, you will be embarking on a journey with Alibaba.”*  
—“Letter from Jack Ma” in Alibaba’s seventh IPO filing

### Introduction

Chapter 4 shows how Alibaba’s ethos was interpreted and shaped by the online tertiary audience. Analysis of the *topoi* of audience reactions indicates how potential investors tried to find a dwelling place in this IPO investment: should they dwell on Alibaba’s past achievement, future profitability, the Chinese market, or Jack Ma? The initial approach of rational evaluation gradually turned into an adjustment of mood.<sup>85</sup> Alibaba’s participation in the online audience reactions also reflects its efforts to adjust potential investor’s mood and set up an exigence for the IPO day. Online audience reactions did not come from nowhere; they were largely derived from Alibaba’s IPO prospectus. In contrast to the online audience’s reshaping of Alibaba’s ethos, the IPO prospectus reflects how Alibaba (the rhetor) tried to convey its ethos. In continuation of the particularities among online audiences, Chapter 5 focuses on the particularities in Alibaba’s IPO prospectus, with an aim of revealing where Alibaba intended the potential investors to dwell.

As introduced in Chapter 2, the IPO prospectus is the main communication medium of the company to the public. As the gatekeeper, the SEC reads each version of

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<sup>85</sup> “Mood” here refers to the term used in Rickert’s (2013) ambient rhetoric. Rickert culled the term from Heidegger’s term *Stimmung*, which is often translated as attunement or mood. Rickert explains that although the term mood does not merely mean emotion or feeling (it “indicates one’s disposition in the world, how one finds oneself embedded in a situation”) (p. 9), Heidegger did emphasize emotion and feeling as indicated in his phenomenological work (p. 14). My use of the term “moods” leans to the emphasis on emotion and feeling.

the prospectus carefully and returns comments to the company for revision. Until the SEC approves the prospectus, the company cannot start selling its stock shares publically. The SEC serves to make sure that the potential investors receive complete and authentic information about the company from the prospectus, especially the risks involved in the IPO investment. Nowadays, each updated prospectus is released online to potential investors. Therefore, potential investors are able to observe or even participate in the revision process (the SEC's revision requests may reflect potential investors' needs). As the approval of the IPO prospectus is a process, the construction of a company's ethos in the prospectus is a temporal product. Based on the needs of the potential investors, the SEC, and even the online tertiary audience, the company modifies its ethos in the prospectus. This type of temporal and interactive ethos construction in discourse is different from the traditional Aristotelian ethos, which exists in a finished speech.

The revision of Alibaba's IPO prospectus reflects how Alibaba negotiated with the SEC, the potential investors, and the online tertiary audience. Alibaba needed to meet the requirements of the SEC in terms of wording, consistency, clarity, reasoning, and information disclosure. Alibaba also needed to deal with issues raised by the SEC, potential investors, and the tertiary audience, such as the separation of Alipay. Furthermore, Alibaba needed to pick the right time to reveal appropriate data that could boost investors' confidence in the company. In this case, ethos was reshaped by the online tertiary audience and consumed by the potential investors. Picking the right time to release the right information is crucial for the construction of Alibaba's ethos in this IPO. Besides, revisions made in the IPO prospectus are not just discursive but material. For example, the SEC's request for the revision of the statement regarding Alipay as "a

related company” of Alibaba gradually led to the separation of Alipay from Alibaba in August, 2014.

In this chapter, the rhetorical analysis of Alibaba’s IPO prospectus was aided by the SEC comments and compared with the particularities among the online audience’s reactions. Holistically speaking, Alibaba tried to attract potential investors by showing its profitability. Meanwhile, Alibaba tried to preserve its culture, mission, and value by tightening its control of the company. To ease investors’ apprehension of future uncertainties, Alibaba repeatedly explained issues like Variable Interest Entities (VIE), Alipay spinoff, and corporate governance. Alibaba also tried to divert potential investors’ attention from those issues to topics that Alibaba considered important, such as the company’s mission and value, its long-term goal, its ecosystem, and its social responsibility. In the seventh filing, the letter from Jack Ma to potential investors reveals where Alibaba expected potential investors to dwell. It is a bold move because instead of appealing to the audience’s culture and value, the rhetor attempted to adjust the audience’s to the rhetor’s. In this chapter I give thick descriptions of the three particularities detected from Alibaba’s IPO prospectus and offer interpretations of how Alibaba constructed its ethos in the prospectus.

### **Research Issues**

The length of the eight versions of Alibaba’s IPO prospectus varies from 361 pages (third filing) to 2312 pages (first filing).<sup>86</sup> The prospectus is a non-linear hypertext, which includes a table of contents that readers can click to and to navigate to different sections

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<sup>86</sup> The first filing is much longer than the rest because the company included lengthy documents related to the company’s incorporation such as the company’s law at the end of the prospectus.

of the prospectus (see Bolter, 1993).<sup>87</sup> The prospectus begins with a prospectus summary and unfolds with details from the summary. To manage the large amount of data included in the prospectus, I compared each version of the prospectus with the corresponding SEC comments and particularities among online tertiary audience reactions. Then, I elicited content that is worth rhetorical analysis.

The SEC comments are written from the first person perspective “we” and in an imperative but polite mood. The comments focus on writing as well as content. For the writing part, for example, the SEC asked Alibaba to define some abbreviations (i.e., ISV and SME) in references before using them and clarify abstract wording (i.e., “natural cross-border linkages”). For the content part, some of the SEC questions are quantitative, for example: “Please disclose in this section the amount of assets held by your VIEs and the amount of revenue generated by such VIEs.” Some of the SEC questions are qualitative, for example: “Please tell us how you determined that your CODM was comprised of a strategic committee.” Some qualitative questions leave Alibaba space for making an argument: for example, the SEC asked Alibaba to add “why the number of unique visitors per day that sellers actually reached in December 2013 cannot be disclosed with more precision.” In my data analysis, I excluded information that focuses on professional knowledge and included only information that can add value to my rhetorical analysis.

In addition, I read the prospectus summary closely because it represents an overview of the prospectus and is usually what the potential investors read.

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<sup>87</sup> Jay Bolter(1993) describes hypertext as a text that contains links to other texts. As a result, readers move between two different texts. Here I consider the IPO prospectus as a hypertext because its online format and its clickable table of contents allow readers to decide which part they would like to read.

I used the following two issues to guide my investigation of the particularities in the IPO prospectus:

1. Where did Alibaba, the SEC, and the potential investors try to dwell in the prospectus?
2. How were assurances and risks communicated in the revision process of the prospectus to make a dwelling place?

### **Features of Alibaba's IPO Prospectus**

Jay Bolter (1993) compares traditional writing (i.e., ancient oratory and traditional writing for print) and hypertext writing in terms of the author's and the audience's agency. In traditional writing, the author aims to "make the audience see through the words of a speech to the matter itself" (p. 104). Transparency and lucidity become important for traditional writing. Audiences listen to the author without thinking much of the text. The author takes control of the texts and therefore avoids interrupting the narrative. Audiences are under tight control of the author and get immersed in the narrative that the author weaves. In this narrative, the author remains a constant character and presents a single voice. Traditional writing is more designer-centered: a good author is a successful designer who can manipulate the audience. In this sense, ethos is invented by the designer—the author of the text. The communication model changes in hypertext, in which the author concedes some control to audiences, who "look at the text rather through it" (p. 105). Audiences can participate in the creation of a hypertext; consequently, they interrupt the flow of the narrative created by the author. Because of audience participation, hypertext becomes polyvocal and presents a discontinued,

fragmented voice. Bolter (1993) also notes: “In a hypertext the reader can identify with the author, but this identification happens because the reader takes control of the text and therefore to usurp the role of the author” (p. 106). Combining with Burke’s identification theory, we can see that a hypertext becomes more persuasive when it allows more audience participation in the creation of hypertext.

The IPO prospectus corresponds to several features of hypertext that Bolter (1993) describes. The clickable table of contents gives readers control of their reading and allows audiences to focus on and examine certain parts of the prospectus. The correspondence between the company and the SEC and the online tertiary audience reactions to the prospectus reflects active audience participation. Audiences did not passively “listen” to the company; the company “listened” to audiences in the revision. Particularly, the SEC made the prospectus less transparent by looking *at* the text closely. In order to pass the scrutiny of the SEC, Alibaba had to concede some of its control of the text to audiences by revising the prospectus according to the SEC requests, which reflected potential investors’ concerns. From a design perspective, the creation of Alibaba’s IPO prospectus is user-centered: the company made the prospectus clear to audiences (primarily potential investors) and involved them in the creation of the prospectus.<sup>88</sup> In my examination of the eight revisions of Alibaba’s IPO prospectus, I

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<sup>88</sup> Here I adopt Robert Johnson’s (1998) conceptualization of user-centered design. Johnson considers: “The user-centered perspective invites involvement by the user throughout the process” (p. 136). A user-centered approach is a recursive process that responds to users’ actual experiences with the design. The revision process of Alibaba’s IPO prospectus reflects such a user-centered perspective: the company revised its prospectus based on the SEC review and some online tertiary audience reactions. On the other hand, I am not certain whether the SEC adopted such a user-centered perspective. It is clear that the SEC’s Plain English rules require companies to make sure that audience will understand the prospectus clearly, resonating with a user-friendly approach. It is unclear that the SEC considers that it is important for companies to revise their prospectuses based on potential

observed how Alibaba tried to accommodate both the SEC requests and the online tertiary audience reactions. On the other hand, Alibaba tried to take control of creating the prospectus, the legal statement that the company made to investors.

If we consider Alibaba's IPO prospectus as the type of hypertext that Bolter (1993) describes, then the persuasiveness of the prospectus is greatly affected by the degree of audience participation, which is true in Alibaba's case. Nevertheless, it strikes me that Alibaba's accommodation efforts were made for the company to take more control of the prospectus. In other words, by giving audience opportunities to "dwell" in the prospectus, Alibaba tried to find their "dwelling place." In this sense, as Sheryl Brahnam (2009) points out, "readers and writers are co-creators of ethos" (p. 381)." In this chapter I focus on how Alibaba "dwells" in the IPO discourse—dwelling discursively.

### **The Dialectic between Discourse and Materiality in Ethos Construction**

Both Hyde (2004) and Rickert (2013) consider ethos as dwelling place. Hyde emphasizes the epistemological nature of ethos by conceptualizing ethos as "the way discourse is used to transform space and time into 'dwelling places' (*ethos*; pl. *ethea*)" (p. xi). Rickert pushes Hyde's discursive dwelling to include both discourse and materiality. Rickert argues that "materiality conditions us, affects us, attunes us in an originary way" (p. 222). My understanding of Rickert's conceptualization of ethos as dwelling place is that the dwelling place does not merely exist in words or subjectivity; the dwelling place

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investors' concerns during their reading of the updated prospectuses. In Alibaba's case, I see that the use-centered perspective could benefit designing an IPO prospectus, considering the revision process of the IPO prospectus and its aim of persuading investors. If adopting this perspective in designing IPO prospectuses, companies need to monitor audience reactions, particularly online tertiary audience reactions, in revising their prospectuses. The SEC review period and the online tertiary audience reactions provide companies opportunities to observe how their prospectuses are used.

emerges from the material world. Using ethos (the rhetorical tool) in my investigation of Alibaba's IPO prospectus, I looked for dwelling places in the text (i.e., the prospectus) as well as in the material environment (i.e., objects, people, and events). I found that when Alibaba tried to construct its ethos in the IPO prospectus, both the epistemological and the ontological nature of ethos were considered. The material environment conditioned the text, while the text influenced the material environment. I call this relationship the dialectic between discourse and materiality in ethos construction.

**Materiality Conditions Discourse in Ethos Construction.** One of the major factors constraining Alibaba's construction of ethos is the Alipay spinoff. After Alibaba's initial filing of its IPO prospectus, one *New York Times* article titled "Alibaba Investors Will Buy a Risky Corporate Structure" portrayed the separation of Alipay as a "dispute" between Yahoo and Alibaba.<sup>89</sup>

In 2011, Yahoo and Alibaba got into a dispute when, without Yahoo's permission, Mr. Ma transferred Alipay, Alibaba's online payment subsidiary, to a company that he owned. The issue was resolved with Mr. Ma retaining ownership of Alipay and the company agreeing to make payments to Alibaba.

This portrayal brought Alibaba's goodwill towards investors and its morality into question. Carrying the same doubt, another *New York Times* article titled "The Unlikely Ascent of Jack Ma, Alibaba's Founder" brought in more details about the spinoff, but at the same time it emphasized how Alibaba could betray its investors.<sup>90</sup>

Mr. Ma argued that it was necessary to get a government license for Alipay, because Beijing did not want foreign investors controlling online payment

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<sup>89</sup> *The New York Times* article can be retrieved at <http://dealbook.nytimes.com/2014/05/06/i-p-o-revives-debate-over-a-chinese-structure/>.

<sup>90</sup> *The New York Times* article can be retrieved at <http://www.nytimes.com/2014/05/08/technology/the-unlikely-ascent-of-jack-ma-alibabas-founder.html?action=click&contentCollection=Technology&module=RelatedCoverage&region=Marginalia&pgtype=article>.

businesses in China. “If Alipay were illegal or didn’t get the license, Taobao would be paralyzed,” Mr. Ma said at the time. “If Taobao were paralyzed, how could Alibaba reform and develop?”

Alibaba, Yahoo and SoftBank settled their differences over the issue, but not all shareholders were pleased. The hedge fund manager David Einhorn pulled his investment in Yahoo, saying the spat “wasn’t what we signed up for.”

During Alibaba’s roadshows in the U.S., Jack Ma was frequently asked about the “truth” of the Alipay spinoff, the most urgent question to which potential investors needed an answer. Jack Ma replied in statements like “time will tell” or “history will prove.” Jack Ma’s reply sounded like a refusal to engage himself and Alibaba into a controversial topic, which they had explained in the IPO prospectus upon the SEC request.

In its June 2 letter to Jack Ma, the SEC asked Alibaba to add the separation of Alipay from Alibaba to the timeline (a bullet list) in the “Corporate History and Structure” section of the prospectus summary, which demonstrates the landmark successes of the company. Initially, the May 6 prospectus says: “In 2004, we established Alipay to address the issue of trust between buyers and sellers online.” This statement positively addressed Alibaba’s “expertise” in developing its business. This statement harmoniously resonates with the positive tone reflected in other events in the timeline, such as “In 2003, we launched Taobao Marketplace” and “In 2007, we launched Alimama, our online marketing technology platform.” Upon the SEC request, the second (June 16) prospectus changes the statement into “[i]n 2004, we established Alipay to address the issue of trust between buyers and sellers online and have continued to offer payment and escrow services on our marketplaces through Alipay following its separation in 2011 due to regulatory reasons.” Although the word “continued” establishes the connection between Alibaba and the “expertise,” the word “separation” still casts

uncertainties about whether the “expertise” will stay with Alibaba in the future. The loss of this “expertise” could diminish investors’ confidence in the future of Alibaba.

In the SEC’s subsequent comments, the issue of the Alipay spinoff became a focus in the revision of the prospectus. In its July 3 letter to Jack Ma, the SEC requested Alibaba to add the Alipay spinoff in the timeline, which is presented as an infographic in the “Our History and Corporate Structure” (a complete section extended from the prospectus summary). Furthermore, the SEC’s seventh comment requests Alibaba to briefly describe the Alipay spinoff in the risk factors on pages 25, 34, and 45 of the third (June 26) prospectus. In the fourth (July 11) IPO, Alibaba inserted a line “Alibaba separated from our company” in the infographic timeline. Alibaba also added a description about the Alipay spinoff on page 26 and a similar description on page 37. In detail, the statement objectively and logically explains that in order to get a license from the People’s Bank of China, Jack Ma transferred Alibaba to a company that he controlled. In this way, Alipay was owned by a Chinese national that can guarantee its operation in China. However, as the previous *New York Times* article reveals, what potential investors worried about is the “dispute” that Alibaba had with its investors—Alibaba’s goodwill towards investors. It is the reality that Alipay was separated without “clear”<sup>91</sup> permission from Yahoo that upset potential investors. In this case, the potential investors’ unsettled mood towards the Alipay spinoff is what Alibaba needed to work on. Alibaba did not revise the section on page 45 of the third (June 26) prospectus and in its fourth (July 11) prospectus. Instead, a lengthy explanation about the potential risks involved in the

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<sup>91</sup> It was reported in the online English news that Yahoo did not give Alibaba formal approval for separating Alipay, but Jack Ma explained that Yahoo did give an oral permission.

conflicts of interest in Jack Ma's and Simone Xie's (another funder) relationship with Alipay was added on pages 49 and 50 of the fifth (August 12) prospectus. In this sense, the ethos of Alibaba was transferred to the ethos of the two persons.

Alibaba's revision of the Alipay spinoff shows how the construction of ethos in discourse was conditioned by the material environment. Although Alibaba tried to avoid writing about the Alipay spinoff in its initial prospectus, working with the SEC shows that the company had to confront the reality. The spinoff itself has aroused anxiety and doubt in the potential investors no matter how the company portrayed it. However, openly admitting the reality may leave a transparent impression about the company for the potential investors. In addition, recognizing the possibility of altering the potential investors' unsettled mood towards the spinoff and diverting potential investors' attention (e.g., drawing investors' attention to the key persons like Jack Ma and Simone Xie) could help Alibaba regain some agency to fight against the distressing reality. The most obvious approach Alibaba took is reporting soaring profitability in its updated prospectus to boost potential investors' confidence in the company.

Alibaba used a series of cartoonish infographics to begin its first (May 6) prospectus. Those infographics explain the types of ecommerce that Alibaba conducts, show evidence of Alibaba being the world's largest online and mobile e-commerce company, highlight its achievement in the annual Singles day sale and its widespread logistics network, and the potential of the Chinese market. In a very striking position, those infographics transmit the key information that the company wanted the audience to know through visuals. Next, in the "Our Business" section of the "Prospectus Summary," the company gives more elaboration on its profitability such as "[w]e operate Taobao

Marketplace, China's largest online shopping destination, Tmall, China's largest third-party platform for brands and retailers, in each case in terms of gross merchandise volume, and Juhuasuan, China's most popular group buying marketplace by its monthly active users, in each case in 2013 according to iResearch." The superlatives "largest" and "most popular" highlight the profitability of Alibaba. Another key word is "China," which appears three times in this statement. Alibaba's profitability is directly associated with China, the dwelling place. So, when we observe Alibaba's ethos, we should not just stop at the profitability but step further to dig down to the dwelling place where profits were derived.

As revealed in Chapter 4, some online U.S. tertiary audiences expressed concerns and apprehension about China. If China, the dwelling place, is key in Alibaba's ethos, then potential investors who did not feel comfortable dwelling with China would not take resolute actions to purchase Alibaba's stock shares. Or, as some online U.S. tertiary audiences inquired, if Alibaba could globalize itself (meaning extending the dwelling place beyond China), then it was more likely a place for investors to dwell. Alibaba did demonstrate its intention toward globalization such as launching 11 Main (a boutique ecommerce site)<sup>92</sup> and completing a couple of investments in the U.S. However, in the final prospectus, it still says in the "Our Strategies" section of the "Prospectus Summary":

Our international strategy is focused on leveraging natural cross-border linkages to our ecosystem that enable foreign brands and merchants to access the Chinese consumer market without significant capital investment while providing Chinese manufacturers and merchants with a platform reach business and consumers

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<sup>92</sup> After the IPO, Alibaba sold 11 Main. See more at <http://qz.com/434600/alibaba-has-closed-down-11-main-its-us-based-amazon-competitor-one-year-after-launch/>.

across the world. For example, we will continue to grow our international business by connecting overseas branded retailers to Chinese consumers (Tmall Global), connecting Chinese suppliers to international retail markets (AliExpress) and international wholesale markets (Alibaba.com).

From this final statement of Alibaba's international strategy,<sup>93</sup> we can see that Alibaba wanted to connect China to the world rather than opening a brand new foreign market. In Alibaba's business map, China is the hub. Compared with the reported concern and apprehension about China in the U.S. online tertiary audience reactions, it was not easy for Alibaba to play the "China" card. But it was safer to dress the "China" card in a "profitability" dress in order to adjust potential investors' mood.

In the second (June 16) prospectus, Alibaba updated a series of data about the company's profitability. First, Alibaba revealed more recent financial data and covered more items for comparison. In the last paragraph of its "Our Business" section of the first (May 6) prospectus, it reports: "In the nine months ended December 31, 2013, we generated revenue of RMB40.5 billion (US\$6.5 billion) and net income of RMB17.7 billion (US\$2.9 billion). Our fiscal year ends on March 31." This statement discloses that the amount of the company's nine months revenue and net income ends in December 2013. In the second (June 16) prospectus, Alibaba revealed more:

GMV generated on our China retail marketplaces increased by 55.8% from RMB1,077 billion in fiscal year 2013 to RMB1,678 billion (US\$270 billion) in fiscal year 2014. Our total revenue increased by 52.1% from RMB34,517 million in fiscal year 2013 to RMB52,504 million (US\$8,446 million) in fiscal year 2014. Our net income increased by 170.6% from RMB8,649 million in fiscal year 2013

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<sup>93</sup> The first version of this statement in the May 6 prospectus says: "Our international strategy is focused on leveraging natural cross-border linkages to our ecosystem. For example, we will continue to grow our international business by connecting overseas branded retailers to Chinese consumers (Tmall Global), connecting Chinese suppliers to international retail markets (AliExpress) and international wholesale markets (Alibaba.com)." Upon the SEC request, Alibaba revised this statement in its second (June 16) prospectus and kept this version as a final.

to RMB23,403 million (US\$3,764 million) in fiscal year 2014. Our fiscal year ends on March 31.

In this statement, Alibaba refreshed its data from ending in December, 2013 to March 31, 2014.<sup>94</sup> In addition to the existing item of “total revenue” and “net income,” Alibaba added the “GMV” (gross of merchandise volume) of its China retail market. For each of the three items, Alibaba compartmentalized the data using the formula: increased by X from Y in fiscal year 2013 to Z in fiscal year 2014. In this formula, the “X” (percentage of growth) appears to be more eye-catching: 55.8%, 52.1%, 170.6%. In this way, the audience can see clearly the growth of the company in a relatively short period of time. Also, the compartmentalization of the data makes the report specific.

Second, in the “Our Key Metrics” section of the “Prospectus Summary,” which is presented in charts Alibaba made strategic revisions. In the first (May 6) prospectus, four charts are presented sequentially: “GMV and Mobile Penetration” (bar chart), “Active Buyer” (bar chart), “Our Scale and Size” (table), and “Scale and Size of Our Ecosystem Participants” (table). Data end on December 31, 2013. In the second (June 16) prospectus, among the bar charts, Alibaba rearranged the “Active Users” chart to the first place, followed by the “GMV and Mobile Penetration” chart, and added the “Mobile Monetization” chart at the end. Items and order remained the same in the table charts. All data were refreshed to March 31, 2014. By prioritizing the “Active Users” chart, Alibaba could highlight the potential of Chinese Internet users. By adding the “Mobile Monetization” chart, Alibaba could highlight one of its target business areas—mobile. The “Our Scale and Size” and “Scale and Size of Our Ecosystem Participants” tables list

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<sup>94</sup> The statement says “fiscal year 2014.” In the charts in “Our Key Metrics” of the “Prospectus Summary,” it shows the data end in “Mar. 31 2014.”

numbers of items such as “Total GMV,” “Annual active buyers,” and “Annual orders.” The refreshed numbers show an obvious increase in “Total GMV,” “Annual active buyers,” “Mobile GMV,” and “Total payment volume of Alipay.” The revision of the “Our Key Metrics” section not only demonstrates the growth of the company’s profitability visually, but also it emphasizes the importance of active users and mobile business.

Alibaba did not update its data revealed in the “Our Business” and “Our Key Metrics” until the sixth (August 27) prospectus. In the “Our Business” section, Alibaba added two new sets of data:

- “Our total revenue increased by 46.3% from RMB10,778 million in the three months ended June 30, 2013 to RMB15,771 million (US\$2,542 million) in the same period in 2014.”
- “Our net income increased by 179.6% from RMB4,448 million in the three months ended June 30, 2013 to RMB12,438 million (US\$2,005 million) in the same period in 2014. For the three months ended June 30, 2014, our net income included a net gain of RMB6,251 million (US\$1,008 million) from step-up acquisitions arising from revaluations of previously held equity interest.”

In this statement, data were updated to June 30, 2014, about three months prior to the IPO day. The increase of “179.6%” of the company’s net income seems “insane,” as reported by the news outlets. Charts in the “Our Key Metrics” section were updated to June 30, 2014 as well. The most striking change is the growth of “mobile monetization” (see Figure 5.1 and Figure 5.2). The chart from the June 16 prospectus shows data ending in March 31, 2014. We see in this chart that mobile monetization remained almost the same level from December 31, 2013 to March 31, 2014. In the chart from the August 27 prospectus, we see that mobile monetization almost doubled from March 31 to June 30, 2014. The visual comparison looks more striking than the textual statement in “Our

Business.”

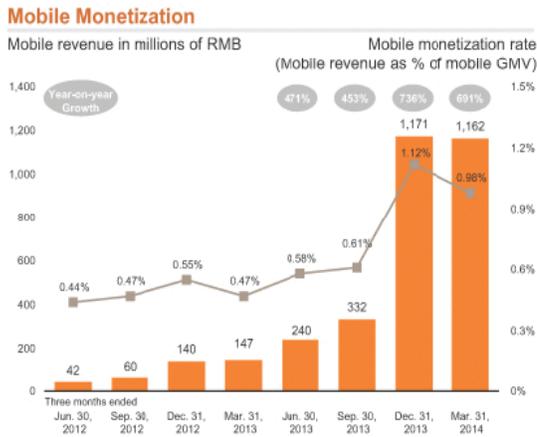


Figure 5.1: Mobile monetization from Alibaba’s June 16 IPO prospectus (2014)

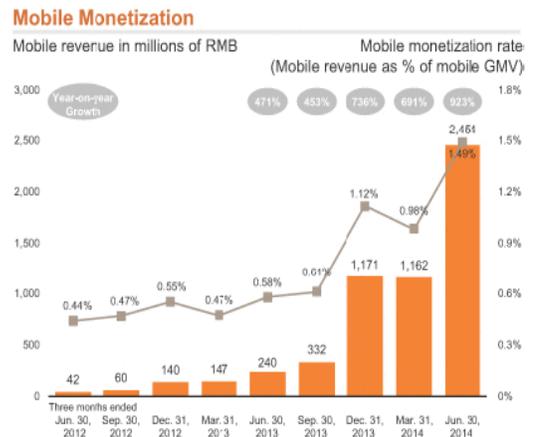


Figure 5.2: Mobile monetization from Alibaba’s August 27 IPO prospectus (2014)

The examination of Alibaba’s disclosure of its key business data should be combined with the online audience reactions. When Alibaba disclosed the first set of data in the first prospectus, it gave the audience an overview of how profitable it could be. The revision and further disclosure in the second prospectus built potential investors’ confidence in this company. The last update of data in the sixth prospectus boosted the market’s enthusiasm for this company. We also need to notice that Alibaba filed its first prospectus on May 6, while the last set of data was from June 30. In this sense, the company did not invent its ethos based on a set of selected data and sustained this ethos throughout the IPO process. The strategic disclosure of data in the prospectus revision process shows the dynamic construction of the company’s ethos and built potential investors’ confidence in the company step by step.

Based on Heidegger’s definition of “dwelling,” Rickert (2013) interprets: “dwelling is a way of being conditioned and permeated by things so that they are inseparable from what it means to live in the world” (p. 223). It is indicated in the above

analysis that the construction of Alibaba's ethos in the IPO prospectus cannot escape from the material environment (i.e., objects, people, events). By admitting the material constraints and portraying positive evidence in the material environment, Alibaba gained some agency in its dwelling. This layer of dwelling puts materiality in a determining position. Nevertheless, as Rickert points out, dwelling is not a mere survival or passive coexistence; dwelling also means an active construction. In the above analysis, Alibaba's strategic disclosure of business data shows its efforts of gaining agency. Furthermore, Alibaba's revision of the prospectus led to changes in the material environment.

**Discourse Influences Materiality in Ethos Construction.** Rickert (2013) points out that the conceptualization of ethos as character and credibility “reflects a focus on the subjective” (p. 222). It overlooks the material root of ethos: “character and credibility themselves emerge from a way of life that is itself already embedded within locations, communities, societies, and environments” (p. 222). In conceptualizing ethos as dwelling place, Rickert wants to extend Hyde's (2004) discursive definition of ethos as dwelling place to the material world. Rickert explains: “Rhetoric never escapes from world into the social or the symbolic; it is always worldly, a dynamic, emergent composite of meaning and matter” (p. 222). Here, ethos as dwelling has two dimensions: material and discursive. Rickert emphasizes how the material dimension can condition the discursive dimension. On the other hand, does the discursive dimension influence the material dimension of ethos? In Chamberlain's (1981) trace of the origin of ethos, “the arena in which animals and people move” (p. 99) is the root of the material dimension of ethos. So does any change in the discursive dimension of ethos affect this “arena”? It occurs in Alibaba's case that the revision of Alibaba's relationship with Alipay in the IPO

prospectus resulted in the restructuring of Alipay, a payment platform, also called Alibaba's financial arm.

Alibaba's first (May 6) prospectus describes Alipay as a "related company" in "Our Business" section of the "Prospectus Summary." In its June 2 letter to Alibaba, the SEC asked the company to give the "basis" of why Alipay was characterized as a "related company" since the SEC noticed in other places in the prospectus that the company did not actually own Alipay. In the second (June 16) prospectus, Alibaba added:

Although we no longer have an ownership interest in or control over Alipay or its current parent company, we refer to Alipay, which was our subsidiary until 2011, as our related company due to the mutually beneficial long-term commercial arrangements between us and Alipay, which we believe align both companies' interests in the success of our ecosystem.

As indicated previously, the Alipay spinoff is a controversial issue that potential investors worried about. Alibaba's relationship with Alipay affected the construction of the company's ethos. The inconsistent descriptions of Alibaba's relationship with Alipay in the first prospectus baffled the SEC. In the second prospectus Alibaba kept the original wording "related company" and explained its rationale for "relating" Alipay to Alibaba. Alibaba also added descriptions of the Alipay spinoff in various places in the prospectus. However, the SEC continued to question the wording of "related company." In its July 3 letter, the SEC commented: "we remain concerned that the use of the description 'related company' implies a degree of control and commonality-of-interest that the agreements to which you cite do not appear to clearly support." The SEC noticed in the prospectus that Alipay contributed to Alibaba's ecosystem significantly, but Alibaba did not hold any

ownership of Alipay after the Alipay spinoff in 2011.<sup>95</sup> In this sense, the facts did not support the SEC's understanding of the meaning of "related company."

In the fourth (July 11) prospectus, Alibaba changed the wording of "our related company Alipay" into "contractual arrangements with Alipay." Alibaba's relationship with Alipay was further clarified in the prospectus. At the same time, the restructuring of Alipay was underway. In the fifth (August 12) prospectus, Alibaba added its August restructuring of the contractual arrangements with Alipay and its parent company in the July 11 description. Furthermore, Alibaba disclosed in the "Risk Factors" section that Alipay was fully separated from Alibaba after the restructuring in August. This disclosure means that Alibaba and Alipay are separate business entities and are connected through a long-term agreement. Jack Ma serves as the executive chairman of Alipay and controls it.<sup>96</sup> In this way, Alibaba reduced potential investors' concern about the risks involved in Alipay since materially speaking Alipay was no longer a part of the Alibaba entity. At the same time, Alibaba maintained its financial connection with and economic interest in Alipay through their agreement.

The revision of the wording about Alibaba's relationship with Alipay reflects how discourse can influence materiality in ethos construction. The controversy about the Alipay spinoff cast a shadow on potential investors' confidence in Alibaba. The inconsistent descriptions of Alibaba's relationship with Alipay in the prospectus baffled the SEC. Consequently, the wording about Alibaba's relationship with Alipay became the

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<sup>95</sup> Jack Ma held a significant portion of Alipay at that time. So, Jack Ma had some ownership of Alipay. But Alibaba, the company, did not have any ownership.

<sup>96</sup> In November 2014, Jack Ma told publicly that Alipay would definitely go IPO and target the mainland China as its listing site. See *The Reuters* report at <http://www.reuters.com/article/us-alibaba-group-alipay-idUSKCN0IV0AR20141111>.

place where potential investors and the SEC could not dwell with Alibaba. The process of revision the wording led Alibaba to further consider its relationship with Alipay: on the one hand, it needed Alipay to continue functioning as the financial arm in its ecosystem; on the other hand, it was too problematic to include Alipay as part of the Alibaba entity and would upset potential investors due to the previous Alipay spinoff controversy. The final revision of the wording led to the restructuring of Alipay, a change in the material environment.

To sum up, the analysis of Alibaba's IPO prospectus indicates the discursive and material dimensions of ethos. On the one hand, the material environment conditions the discourse. The company needed to admit the material constraints and make use of the material strengths in the creation of the prospectus. On the other hand, receiving feedback from the audience and revising the prospectus led to changes in the company's material environment. The analysis reveals the dialectical relationship between discourse and materiality in ethos construction. The determining power of materiality is evident. The influence of discourse on materiality is evidential.

### **Materializing Ethos Through Visuals**

A striking feature of Alibaba's IPO prospectus is the abundant use of visuals, including infographics, charts, graphics, and photos. I attended to this particularity and its relations to ethos construction in the prospectus.

Rickert (2013) defines rhetoric as "a responsive way of revealing the world for others, responding to and put forth through affective, symbolic, and material means, so as to (at least potentially) reattune or otherwise transform how others inhabit the world to an extent that calls for some action" (p. 162). In this definition, rhetoric is a transformative

power that helps inhabitants in the world position themselves. Rickert says that his definition resonates with George Kennedy's (1998) conceptualization of rhetoric as "a form of mental and emotional energy (p. 3)." Both rhetoricians consider rhetoric as energy, while Rickert adds the ontological dimension—"energy is always materialized" (p. 162). Based on the two rhetoricians' definitions, rhetoric can be considered as a materialized energy that discloses the world to us and transforms how we dwell in the world.

Another important aspect that Rickert and Kennedy emphasize in their definitions of rhetoric is emotion, which is generally devalued in the Western tradition. Susan Miller (2008), who presents a different history of rhetoric, also argues for prioritizing emotion in rhetoric. Miller claims: "persuasion is always a matter of trust that precedes any form of its expression and that its worthiness for that trust will be verified against multiple discursive conventions" (p. 8). For Miller, trust—"our emotional consent" (p. 146)—should be the center of rhetoric. The Greek tradition is *a* rhetoric that should not be privileged or authoritative. The Cartesian emphasis on rationalism and the post-Cartesian dichotomy of reasons and emotion resulted from the actions of building such a "conventional" system. In Miller's discovery, it is the energy, the emotion, the feeling that persuades us (p. 154). Therefore, the position of emotion and trust should be prioritized in rhetoric.

Miller also points out that emotion and reasons are not separated. Heidegger gives a more explicit statement: pathos is the ground of logos, not vice versa. In this sense, emotion or feelings can generate reasoning and knowledge. Rickert elaborates on the point in relation to dwelling: "Dwelling is an attunement that can generate various kinds

of knowledge, in particular a knowledge of how the world gives back, as it were, or how the world transcendent of human thought and power is integral to how life takes shape” (p. 27). Though not an equivalent to emotion, attunement or mood does have an emphasis on emotion (Rickert, 2013, p. 14). So, if we consider ethos as dwelling place, we should uncover emotion in an ethos-builder. Emotion generates knowledge that can help with decision-making. Taking rhetoric as a materialized energy, we can trace emotion through some material objects. While analyzing the IPO prospectus, I attended to how ethos was materialized in the prospectus.

The IPO prospectus is a text, a discourse. The SEC’s plain English rules for disclosure documents command companies to write concisely and clearly so investors can be well-informed. As a type of technical communication documents, the prospectus’s plain English style emphasizes the objective attribute of *writing* in the prospectus. However, the SEC has been attending to use of visuals in prospectus—the material factor. At the Plain Language Association International’s Fifth International Conference, the U.S. Securities and Exchange Commissioner Cynthia A. Glassman (2005) pointed out the importance of document design (e.g., visual display of data) and expressed an expectation for interactive data that can “transform static, text-only documents into dynamic financial reports that can be quickly and easily accessed, analyzed, and compared.”

In *A Plain English Handbook* (1998),<sup>97</sup> the SEC gives explicit instructions for document design in English disclosure documents, which covers five basic elements:

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<sup>97</sup> *A Plain English Handbook* was prefaced by Warren E. Buffett, who emphasizes the importance of audience awareness in prospectus writing: “One unoriginal but useful tip: Write with a specific person in mind” (p. 2).

“hierarchy or distinguishing levels of information,” “typography,” “layout,” “graphics,” and “color” (p. 38). Although this chapter on document design aims to help companies create “a readable, visually appealing document,” readability takes the priority.<sup>98</sup> The content of this chapter can be easily found in any technical communication textbook. This chapter introduces and gives examples of headings, differences between serif and sans serif, type size, using white space and linespacing. The section on graphics focuses on visual display of data, and naturally Edward Tufte’s book *The Visual Display of Quantitative Data* (1983) is recommended as a guide. Several quotes from Tufte’s book are used to instruct companies that graphics are used to show the *reasons* why data and ink should be used sparingly (avoid what Tufte calls “chartjunk”) and honestly (e.g., scale issue). The majority of the document should be in black and white. Overall, the SEC plain English instructions focus on reasoning and objectivity of visual display in disclosure documents, which are in line with studies in technical and professional communication.

The SEC’s plain English handbook does not specify guidelines for ethos construction in visuals, while Charles Kostelnick and David Roberts’s book *Designing Visual Language: Strategies for Professional Communications* (2011) provides such guidelines. Kostelnick and Robert consider that visuals in professional documents should build trust between the sender of the message and the audience. Ethos in their study refers to “a sense of character and credibility that will appeal to the audience” (p. 20).

Kostelnick and Robert discuss how linear components can “engender ethos” (p. 139) and

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<sup>98</sup> The SEC disclosure documents are in electronic and paper forms. So, it is assumed that the document design principles here are applied to both forms.

create a professional look, how text configuration can impact readers' expectation of a professional-looking document (p. 186-187), how nonlinear display can establish a logical reasoning and build credibility (p. 231-232), how inaccurate data display may erode credibility (p. 280-282), how readers' identification can help increase credibility in pictures (p. 325-326),<sup>99</sup> and how supra-level design can affect credibility (p. 367-368).

Kostelnick and Robert's visual design strategies provide practical guidance for building credibility and a professional look of documents. Similar to the SEC's instructions, credibility and trust are measured by a document's *persona*, which is supposed to be objective, informative, and logical. Although the part about reader's identification with pictures and the supra-level design may include factors beyond reasoning and logic, emotion does not play a role in the common professional communication practice. However, if we consider ethos construction as a dwelling practice that can gather and disseminate emotional energy, then something different should be included in visual design of professional communication that aims at persuasion.

Another issue on the use of visuals is the cross-cultural context. In my MA thesis, I investigated online forum discussions in English and Chinese language environments about a Hong Kong movie named *The Infernal Affairs* (2002) and its American remake *The Departed* (2006).<sup>100</sup> Both movies sold well and won awards in their corresponding language environments; therefore, they are good examples of persuasive artifacts. The

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<sup>99</sup> Originally, Kostelnick and Robert (2011) say: "Ethos depends on how easily readers can relate to the picture, whether it speaks their language" (p. 325).

<sup>100</sup> Li, S. (2011). *Everything that Rises Must Converge: A Chinese-English Contrastive Rhetoric Case Study* (Doctoral dissertation, University of Arkansas at Little Rock).

major difference between the two movies, which are based on the same story, is the different rhetorical appeals: the Hong Kong movie, targeting the Chinese-speaking audience, focuses on emotional appeal; the American movie focuses on logical appeal. The finding from the American movie corresponds to the visual design principle in technical communication. The online forum discussions indicate Chinese and American audiences' identification based on the rhetorical appeals that they felt more comfortable with. At the same time, I noticed discussions unpacking the "cultural myth" in the two movies. This case study demonstrates the striking cultural differences in visual display. However, when "crossed," audiences of the two movies may still be able to identify with each other's persuasive acts. Findings from this case study imply to me that even if Alibaba relied on the visual design preferences commonly used in the Chinese context, the company might still be able to persuade the U.S. audience, especially since the focus on emotional appeal resonates with a different understanding of ethos.

In the above discussions, I showed how ethos is understood and practiced with a focus on logical reasoning and emotional energy. There is no need for me to check the logical reasoning aspect of the visuals since it passed the SEC's scrutiny. I focused on the emotion aspect, which was not critiqued by the SEC or included in the common ethos-building techniques in technical and professional communication. The findings confirm that Alibaba did try to disseminate emotional energy in their use of visuals.

**Colorful and Cartoonish Graphics.** Porter Erisman, who used to be Alibaba Group's Vice President from 2000-2008, compared the visual differences between the websites of eBay (the American e-commerce company) and Taobao (Alibaba's C2C platform) in the documentary that he made about Alibaba: "The Taobao website was

infused with the softer and more human touch that appealed to China's youth. To eBay's western managers, Taobao probably seemed too cute and flashy but Taobao appealed to a new generation in China that used the Internet with a certain innocence and optimism that eBay failed to appreciate."<sup>101</sup> Erisman's description portrays the energy from Alibaba that is youthful, innocent, and optimistic. Taobao's style is also humanistic as contrary to the impersonal style that eBay projects to cater for American customers' concern for privacy. As the readers of Alibaba's IPO prospectus are mainly U.S. investors, it makes sense if Alibaba tailored its visual display strategies to the Western conventions. For example, Figure 5.3 and Figure 5.4 show the visuals used at the beginning of the prospectus (between the cover sheet and the table of contents) of Facebook and Twitter, respectively.<sup>102</sup> Due to their positions in the prospectus, those visuals function as the preface of the prospectus and cast the first impression of their companies on readers.

Facebook (see Figure 5.3) adopts the universal color blue in its first visual, which gives audience a sense of formality and tranquility. Only four colors are used in the two visuals: blue, white, black, and purple. The visual used to demonstrate Facebook's mission (on the right side) throws on the audience an impression of a mysterious virtual world.

Twitter's (see Figure 5.4) style resembles Facebook's: the four main colors—blue, black, white, and grey—transmit a sense of formality and tranquility. The difference is that Twitter uses naturalistic images—posts and photos from its website—to create a

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<sup>101</sup> *The Alibaba Story - Crocodile in the Yangtze* is currently available at <https://www.youtube.com/watch?v=zwm7NWAxRzs>. The quote is from 47:50-48:08.

<sup>102</sup> Since eBay's IPO prospectus (1998) does not contain any visual that can be compared to Alibaba's, I used Facebook's (2012) and Twitter's (2013), also because they are more recent.

sense of reality.

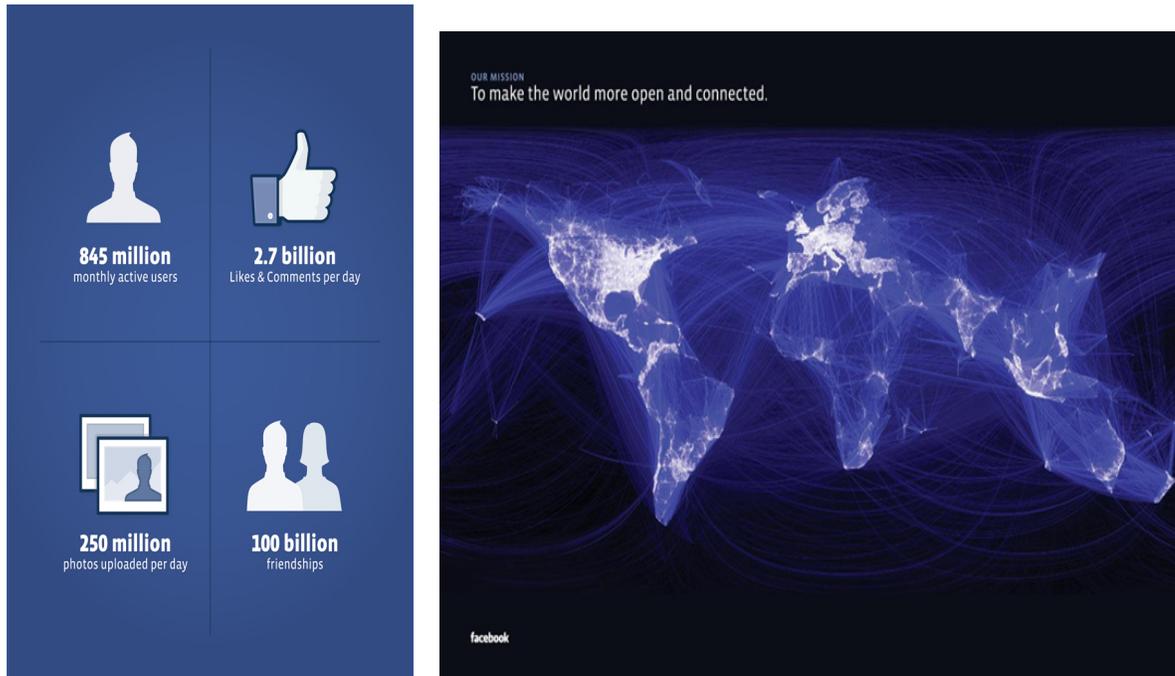


Figure 5.3: Introductory visual from Facebook's IPO prospectus (2012)

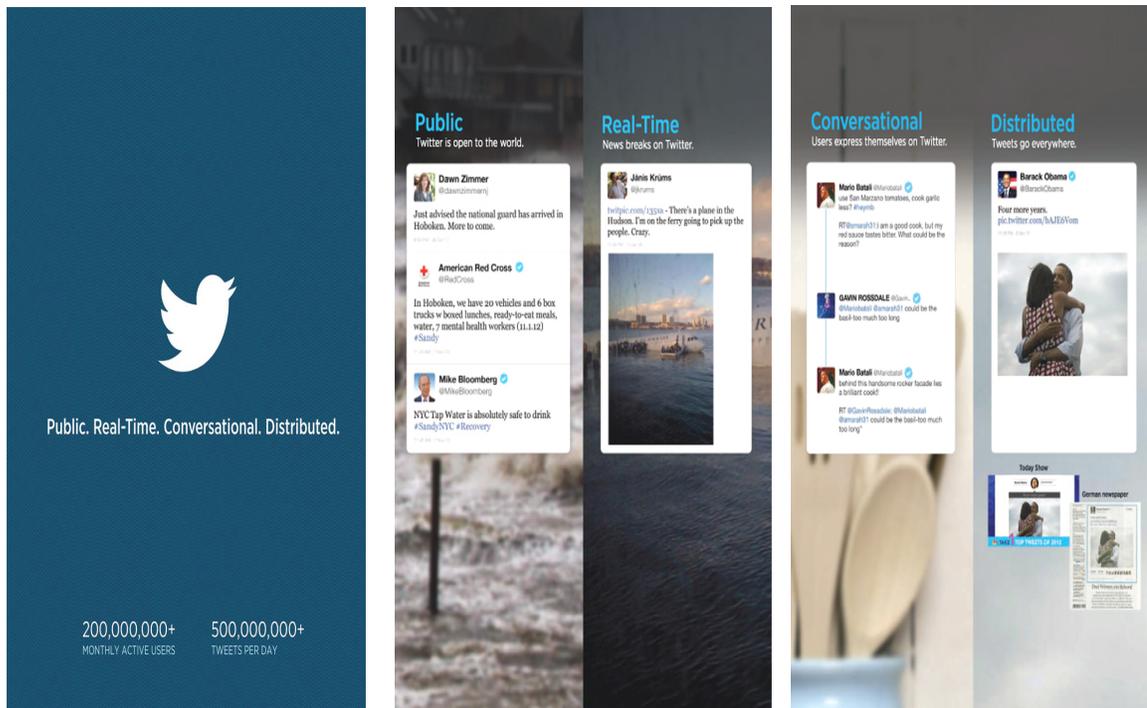


Figure 5.4: Introductory visual from Twitter's IPO prospectus (2013)

Alibaba's visual style differs from the other two. Alibaba continued the style described by Erisman, which is more appealing to the Chinese Internet users. The first three pages of Alibaba's IPO prospectus display colorful infographics. For example, the graphic on the first page (see Figure 5.5) employs nine colors (i.e., orange, blue, white, black, purple, green, red, yellow, and green). The company's corporate color orange transmits a youthful energy and a sense of hope. Iconic images are widely applied. For instance, the company's logo is placed in a cloud. Human figures are used to represent popular trading platforms Taobao and Alibaba.com. Four national flags are used to manifest the aim of AliExpress. Alibaba's major businesses are "positioned" on white clouds individually. At the bottom of the graphic, icons of skyscrapers, airplanes, vans, pedestrians, and trees are used to bring audience to everyday life. Alibaba's business "clouds" are connected by thin threads to the icons of everyday life at the bottom. The entire infographic is based on cartoonish images instead of naturalistic photos. The style looks childish, but the information conveyed is serious, formal, and gigantic. Overall, this infographic portrays an idealistic world that children enjoy in fairy tales. The colorful and cartoonish style transmits a hopeful, innocent, and optimistic energy that Alibaba maintained from the beginning of its business operation. My observation of the other graphics used in the prospectus shows me such a consistent emotional energy.

Another feature shown in this infographic is what Gunther Kress and Theo van Leeuwen (1998) call "narrative representation," in which "participants" (objects or elements in an image) are connected by "vectors" (visual cues, for example lines, that are used to show the audience a direction of the image) to "present unfolding actions and

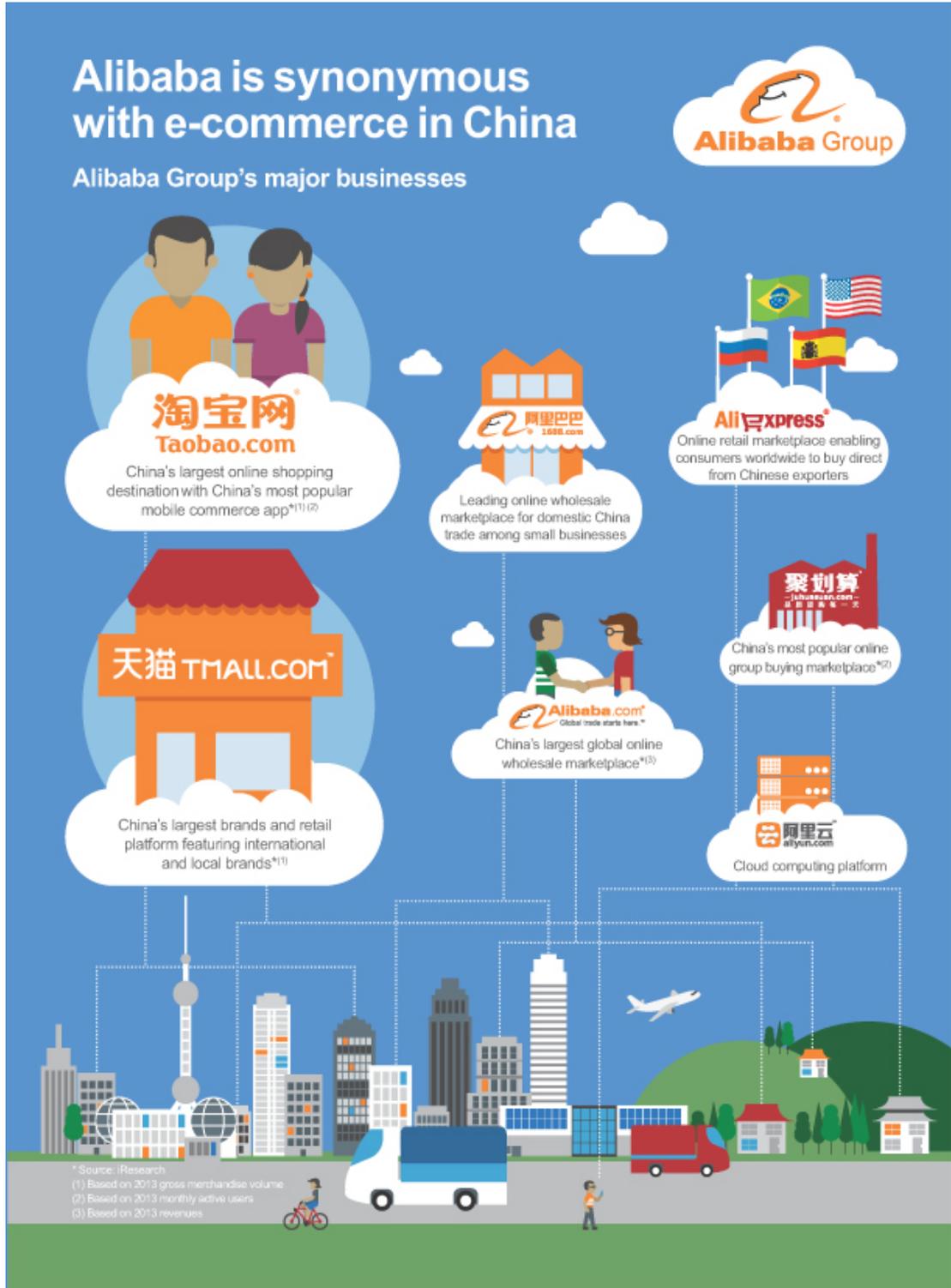


Figure 5.5: Introductory visual from Alibaba's IPO prospectus (2014)

events, process of change, transitory spatial arrangements” (p. 59). In this infographic, Alibaba’s business “clouds” are connected by thin lines to the buildings, vehicles, and people on the ground. Those lines direct audience’s attention from the “sky” to the “earth.” In Kress and van Leeuwen’s visual theory, the “sky” represents the ideal, while the “earth” indicates the real. In this sense, the “clouds” in the “sky” represent Alibaba’s idealistic vision of their business operation, and those vectors (thin lines) shows how the ideal serves the needs of reality. The “narrative representation” *grounds* the audience in Alibaba’s world. I found more use of “narrative representation” in the descriptions about Alibaba’s business products.

**Narrative Representation in Technical Descriptions.** The “Business” section of the prospectus is where visuals are concentrated. This section features a series of technical descriptions about Alibaba’s business products such as Taobao, Tmall, and AliExpress. Each technical description includes both text and visual. The textual part follows the genre of technical descriptions in technical communication, involving an introduction, definition(s), descriptions of the partitioned components, examples, and a conclusion. The visual part adopts a naturalistic approach, displaying screenshots of web pages and photos. Web pages are the main objects for display because Alibaba is an e-commerce platform. Photos are used to provide contextual support—similar to the use of a warrant. Kress and van Leeuwen (1998) divide visual representation into conceptual, analytical, and narrative. Visuals used in those technical descriptions are more like narrative representations, which *ground* the audience in the descriptions and therefore release rhetorical energy.

For example, the visual used to describe Taobao (see Figure 5.6) displays a

## Taobao Marketplace - Desktop homepage



Figure 5.6: Image of Taobao Marketplace homepage in Alibaba's IPO prospectus (September 15, 2014)

screenshot of Taobao's home page. The content on the web page is in Chinese because Taobao mainly serves Chinese consumers. The content is not translated into English, but four English texts are inserted to explain the web site's basic functions. The orange (Alibaba's corporate color) arrows serve as the vectors that connect images on the website to audience's understanding. Through this vector relationship, the audience is guided to look at certain parts of the website, think about the English explanation, and maybe return to observe the corresponding image again. Overall, this visual contains certain dynamics and help *ground* the audience on the website. The audience may imagine being guided by an external narrator who points the mouse cursor on the website while giving explanations. To some extent, this technical description is better delivered in

a multimodal medium such as a video or, even more boldly, in an interactive medium (e.g., video game) that allows the audience to explore the website.<sup>103</sup>

To provide a better contextual understanding of Taobao, Alibaba used four case studies in the technical description. Appearing at the end of the description and serving as a warrant, case study is another feature of Alibaba's technical descriptions. Figure 5.7 shows one case study of Taobao.

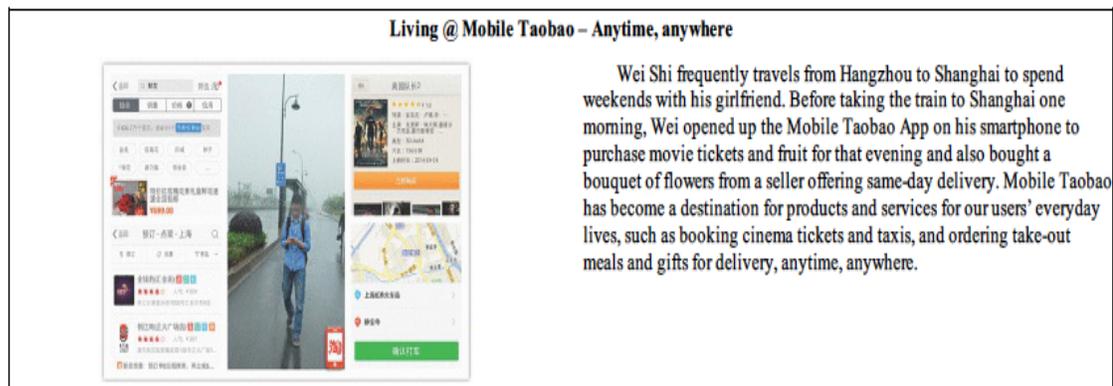


Figure 5.7: Visual about Mobile Taobao in Alibaba's IPO Prospectus (September 15, 2014)

This example shows a typical pattern of case studies in Alibaba's technical descriptions: telling a story. The story is delivered in two modes: textual and visual. The text in Figure Z tells a story about a young man using Mobile Taobao to maintain a relationship with his girlfriend. The photo, showing the image of the young man walking while using his mobile phone, provides evidence for the text. The photo is action-oriented, an example of narrative representation. Along with the text, the photo tells audience a vivid story.

Similar to the previous discussion about using interactive medium to describe Taobao's

<sup>103</sup> This idea of interactive medium corresponds to the SEC commissioner Cynthia A. Glassman's (2005) expectation about transforming static reports into more dynamic ones that can increase audience participation. Alibaba's 2015 annual report, the first one after its IPO, could be an example of this attempt. See the report at <http://ar.alibabagroup.com/2015/index.html#Welcome>.

website, here we may imagine the story to be delivered in a mini-movie. All case studies in the technical descriptions use photos as visual evidence. Those naturalistic images reflect real people, object, and event. The *grounding* in materiality releases rhetorical energy.

**Naturalistic Images in Our History and Corporate Structure.** “Our History and Corporate Structure” of the prospectus is another place where photos are used. The particularity of this section is that without an SEC’s request, Alibaba added seven photos (including one moved from the timeline of the company’s major milestones) in its seventh (September 5) prospectus. Those naturalistic images convey meanings beyond language and release a strong emotional energy. Although the seven photos represent seven events, based on the focus in each photo, I grouped them into three categories: people, object, and event. The following analysis does not follow the exact sequence in which those photos are arranged in the prospectus.

Figure 5.8 displays one of the most widely circulated photos about Alibaba’s origin. In this photo, Jack Ma and his followers showed different emotions through their gestures and facial expressions. Stretching his two arms, Ma appeared to be enthusiastic and visionary. Some of his followers were listening attentively. Some were meditating. Some were taking notes. Some seemed baffled. However, a tense energy, which was mixed by different emotions, was projected from this photo. One of the followers, Fang Jiang, reflected several years later: most followers in the photo did not understand what Ma was talking about, but Ma’s passion intrigued them: consequently they followed Ma to pursue the dream he envisioned for them.



**Post-founding meeting in Jack Ma's Lakeside Gardens apartment in Hangzhou, 2000**

*Figure 5.8: Photo of Alibaba's post-founding meeting from the IPO prospectus (September 5, 2014)*



**Founding of Taobao Marketplace, 2003**

*Figure 5.9: Photo of founding Taobao Marketplace in the IPO Prospectus (September 5, 2014)*

Figure 5.9 displays another widely circulated photo that the company used in its previous promotion. Jack Ma and his followers presented a universal emotion—joy. Their smiles tell the audience about their achievement. Their gaze invites the audience to become a part of their team and their endeavors. This photo was taken when Alibaba founded Taobao, the e-commerce platform that defeated eBay on the Chinese market.

Figure 5.10 shows two photos taken when Alibaba was expanding its business. Compared to the energy released from people’s emotion in the previous two photos, these two photos show energy gathered from a group of participants. A strong sense of dwelling is manifested through the gathering of content and happy people. Those two photos also reflect what Halloran (1982) explains about ethos: “[an] image of people gathering together in a public place, sharing experiences and ideas” (p. 62).



**Founding of Alimama monetization platform, 2007**



**Founding of Alipay, 2004**

*Figure 5.10: Photos of founding Alimama and Alipay in the IPO Prospectus (September 5, 2014)*

Figure 5.11 shows the original dwelling place of Alibaba, Jack Ma’s apartment building. In this building Jack Ma gathered people to start the journey of Alibaba. The building seems common, but the authenticity in this photo brings audience back to the years when Alibaba was founded. In his explanation of the term “dwelling,” which is culled from Heidegger, Rickert (2013) emphasizes how Heidegger connects dwelling



**View of Jack Ma's Lakeside Gardens apartment in Hangzhou where we launched several core Alibaba businesses**

*Figure 5.11: Photo of Jack Ma's Lakeside apartment in the IPO Prospectus (September 5, 2014)* with building (p. 224). Rickert also uses Iceland's *Alping* (p. 225-227) and Common Black Forest farmhouse (p. 239-241) to demonstrate the meaning of dwelling in relation to materiality. In the photo of Ma's apartment building, we see the same emphasis on the physical dwelling place. This physical building represents the origin of Alibaba's culture, which is called "Hupan Culture."<sup>104</sup>

Figure 5.12 shows the most distant and the most recent event in relation to Alibaba's IPO. The 1999 event shows when Jack Ma and Joe Tsai started exploring Alibaba's business territory. The 2013 event manifests how much Alibaba had developed. From the simple map in the 1999 photo to the large LED screen in the 2013 photo, from the two participants to the crowd in the 2013 photo, the audience can directly perceive the growth of Alibaba. Compared to the previous photos, these two indicate

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<sup>104</sup> See more about "Hupan culture" in Walter Frick's *Harvard Business Review* article at <https://hbr.org/2014/06/the-secret-to-alibabas-culture-is-jack-mas-apartment>.



**Joe Tsai and Jack Ma at press event announcing the launch of Alibaba.com, 1999**



**Singles Day 2013, Company Headquarters**

*Figure 5.12: Photos of launching Alibaba.com and Singles Day 2013 in the IPO prospectus (September 5, 2014)*

more actions. They seem to tell audience how the energy displayed in the previous photos was translated into successful business events and actions.

The use of naturalistic images—photos—in the “Our History and Corporate Structure” transmits a sense of authenticity. Even intentionally gestured, participants in those photos show their naturalistic facial and gestural expressions, which indicate different emotions such as joy, bafflement, comfort, and pride. The mixed emotions release a strong energy from the participants’ bodies (the gathering group), from Jack Ma’s apartment (the physical gathering place), and from the events (the gathering). The audience can see how participants started their dwelling practice from the photo when people gathered in Ma’s apartment and listened to his speech. The audience can see how more people participated in the dwelling practice from the group photos taken from Alibaba’s founding of Taobao, Alimama, and Alipay. The audience can see how Alibaba sustained its businesses from two distant events in 1999 and 2013. The physical building, the people, and the events show the audience the authentic Alibaba and its ethos.

To sum up, abundant visuals are employed to establish dwelling in Alibaba's IPO prospectus. Those visuals transform the common black-and-white disclosure document into a dynamic and interactive one. The use of colorful and cartoonish graphics maintained Alibaba's style in China, which shows a strong energy of hope, innocence, and optimism. The narrative representation in visuals used in the technical descriptions of Alibaba's business products helps ground audience in Alibaba's business world. The naturalistic presentation of people, objects, and events in the photos used in Alibaba's history and corporate structure section transfers authentic feelings from people who gathered in founding and developing Alibaba. If we say rhetoric is an energy, then this energy is materialized in the use of visuals in the IPO prospectus.

### **Transferring Ethos**

In the Aristotelian conceptualization of ethos, a speaker needs to invent and deliver a character that fits the audience's culture and customs. In this context, the construction of ethos is a process of catering to the audience's habits and values. However, in Alibaba's IPO prospectus the company's ethos is attached to its own culture and values—its own dwelling place. To persuade, Alibaba invited the audience to dwell with the company. In this way, Alibaba transferred its ethos to its audience. This transference occurred in a kairotic situation when Jack Ma sent a letter to investors.

**Passing on Culture.** Rickert (2013) explains the importance of the physical building in relation to dwelling. In Alibaba's IPO prospectus, this importance is particularly reflected in Alibaba's statement of its partnership (from the seventh prospectus):

Since our founders first gathered in Jack Ma's apartment in 1999, they and our

management have acted in the spirit of partnership. We view our culture as fundamental to our success and our ability to serve our customers, develop our employees and deliver long-term value to our shareholders. In July 2010, in order to preserve this spirit of partnership and to ensure the sustainability of our mission, vision and values, we decided to formalize our partnership as Lakeside Partners, named after the “Lakeside Gardens” residential community where Jack and our other founders started our company. We refer to the partnership as the Alibaba Partnership. (p. 229)

Alibaba stresses the importance of “culture” in its success and business operation, while this “culture” is manifested as a “spirit” which was derived from the gathering place, Jack Ma’s apartment. This statement illustrates the phrase “residential community” to describe Ma’s apartment “Lakeside Gardens.” The word “residential” indicates dwelling, and the word “community” indicates gathering and habituating. Though not intentionally rhetorical, this statement explains the meaning of ethos as dwelling. Not only did Alibaba realize the importance of ethos, but also it tried to “preserve” the ethos. One of the important reasons that Alibaba decided to go public in the U.S. instead of Hong Kong is that the latter’s “one share, one vote” policy might have diluted Alibaba’s culture. Alibaba wanted to make sure that its culture could be passed on. The statement of Alibaba’s partnership explains that the candidate for an Alibaba partner needs to be a “culture carrier” (p. 229). In this sense, Alibaba aims to select candidates who embody Alibaba’s ethos.

Alibaba’s strategy of tightening its control over the company is also reflected in its adjustment of the partnership during the IPO. In its sixth (August 27) prospectus, Alibaba reported mobile revenue surge and created a “momentum” for motivating investor actions. When people were talking about the “insane” profits that Alibaba exhibited, in its seventh (September 5) prospectus the company added three more

members to its partnership for a total membership of 30. As Alibaba's partnership structure does not give any decision-making right to shareholders but partners, increasing the number of Alibaba partners indicates its intention of tightening its control over the company. On the other hand, this action may imply Alibaba's concern about losing its ethos since the IPO would bring different cultures to the company. Between mingling with different cultures and preserving its own culture, Alibaba chose the latter. Furthermore, Alibaba tried to persuade investors to become a part of its culture. This intent is reflected in Jack Ma's letter to investors.

**Transferring Ethos in a Kairotic Situation.** Kairos, commonly understood as the opinions on the meaning of rhetorical situation diverge. The debate about rhetorical situation between Lloyd Bitzer (1968) and Richard Vatz's (1973) shows the split views on rhetorical situations as materialistic and subjective. Bitzer considers that rhetorical situations are realistic and invite a fitting response, while Vatz considers that rhetorical situations are created by the rhetor who interprets the issue. Scott Consigny (1974) proposes to consider rhetoric as "a 'heuristic' art" (p. 180) that can help resolving real issues. Rickert (2013) attends to the ontological nature of kairotic situations: kairos as "a moment placed not as something between a subject and exterior situation but as mutually involved and evolving vectors of material and discursive forces" (p. 90). In this sense, kairos is not simply realistic or subjective but something that springs from the realistic and the subjective and acts on them in return. In Alibaba's case, Jack Ma's letter to investors reflects such a conception of kairos.

Jack Ma's letter to investors is very different from similar letters in IPOs such as those by Google, Facebook, and Twitter. The other three letters sound more like an

instruction, a description, or a brief introduction, rather than a letter. Although signed at the bottom of the letter, none of the three begins with a greeting line “dear investors” that Alibaba did. Google’s letter is titled “LETTER FROM THE FOUNDERS: ‘AN OWNER’S MANUAL’ FOR GOOGLE’S SHAREHOLDERS.” As the title indicates, the letter follows the structure of an instruction, beginning with an instruction, progressing with several specific sections led by headers, and ending with a summary and conclusion. The entire letter is “we”-oriented and delivered from Google’s perspective. The tone of the letter is objective (e.g., “Informed investors willing to pay the IPO price should be able to buy as many shares as they want, within reason, in the IPO, as on the stock market.”), requesting (e.g., “We would like you to invest for the long term, and to do so only at or below what you determine to be a fair price.”), and even warning (e.g., “As an investor, you are placing a potentially risky long term bet on the team, especially Sergey and me.”). Google’s letter is placed at the very beginning of the prospectus in its first filing, the place where Alibaba embedded in its infographics. Google’s letter looks like a preface that is invented to lead the audience’s reading of the prospectus. Unlike Google, Facebook and Twitter placed their letters in the middle of the prospectus, before the “business” section. Google’s letter is from an individual—the CEO Mark Zuckerberg—while Twitter’s is sent from an entity—@twitter. Although similar to Google’s focus on itself, Facebook’s letter adopts a softer tone in its description and explanation of the company. For example, the letter uses “we hope” to address its mission. Compared to Google’s lengthy “instruction” and Facebook’s elaborated “description,” Twitter’s letter sounds more like a brief introduction to the origin of Twitter: “Twitter was born on March 21, 2006 with just 24 characters.” The body of the letter consists of three

sentences about the origin and two sentences of the mission of Twitter. The tone is causal. Similar to Google, both Facebook and Twitter inserted their letters in their first filing of the prospectus. Although different in content and writing style, the three letters share one commonplace: they were all invented before the audience read the prospectus. Therefore, the three letters project what the companies want the audience to do rather than addressing the audience's concerns in a dialogic way. In this sense, the three letters look static and unidirectional.

Alibaba did not embed its letter until the seventh (September 5) prospectus. Prior to this letter, discussions, analyses, criticism, and suspicions had surrounded the company. Online tertiary audience cast doubt on Alibaba's capabilities to handle future challenges, its "customer first, employer second, shareholder third" value, and its corporate governance. Alibaba also had several exchanges with some online tertiary audiences regarding sensitive interpretations of the prospectus and the company. All the controversies formed a realistic situation that needed Alibaba's response. Then, Jack Ma sent the letter to investors, politely addressing the investors' concerns and asserting its expectations. So, the letter was invented based on previous audience reactions to Alibaba's prospectus. On the other hand, Jack Ma tried to gather audience's attention to places that Alibaba considers important. In other words, the letter is a product of audience responses as well as a tool for transforming audience conceptions.

Jack Ma's letter to investors was embedded in the middle of the prospectus (between the sections "Enforcement of Civil Liabilities" and "Our History and Corporate Structure"). Content prior to this letter covers more "hard" data such as "use of dividends," while content after the letter includes more "soft" data such as descriptions of

business products. The letter begins with “Dear Investors,” a signal of conversation. Jack Ma first shows his appreciation for potential investors’ interest: “Thank you for taking your time to read our prospectus, and for considering investing your precious resources in our company.” Next, Ma directly points out the essence of this IPO investment: “If you invest with us, you will be embarking on a journey with Alibaba.” This metaphorical statement clearly discards the common Western notion of business practice as outcomes of rationalization; instead, this statement projects the Chinese notion of relationship building. It sounds strange and maybe bold, so next Ma shares their “thoughts and beliefs for the future.” The beginning of the letter sets up a tone of deference, but the entire letter sounds like a polite refutation of criticism, clarification of misunderstanding, and an assertion of identity. Instead of compromising with critics, Ma—the company’s representative—brings investors to a “place” that they believe is appropriate for reaching consensus.

The body of the letter is divided into five sections: “Our Mission and Vision,” “Our Ecosystem-based Business Model,” “How We Will Meet Our Challenges,” “How We Set Priorities,” and “Corporate Governance.” Four key terms measured in terms of word frequency are “ecosystems” (23 times), “future” (10 times), “long-term” (10 times), and “sustainability” (eight times, including “sustaining” and “sustainable”).

First, in “Our Mission and Vision” Ma emphasizes the significance of culture to Alibaba (“Alibaba is a valued-based company”) and its mission (“to make it easy to do business anywhere”). For a company, its foundation and mission portray the company’s character. Furthermore, Ma clearly points out the company’s goal of helping small businesses develop through Internet technology—fighting for the little guy, a point that

was rarely reported by the U.S. media. Additionally, Ma clarified the misconception about Alibaba as a technology company: “Alibaba is not the creation of a few technological innovations or a couple of whiz kids.” Instead, Ma addressed the importance of the ecosystem, which was built by “tens of millions of participants who are passionate about the future and steadfast in their belief that the Internet should be fair, open, transparent and shared.” Here, human power outweighs technology. Last, Ma positions Alibaba as “a company founded by Chinese people but that belongs to the world.” This statement became an important slogan during Alibaba’s global roadshows. Strategically, this statement helps eliminate concerns about Alibaba being a Chinese company and opens a global space where everyone can dwell. In this section, Ma also reflects on Alibaba’s past achievement in changing China and looks forward to Alibaba’s future contribution in transforming the world. Emotionally, Ma leads audience to imagine a long-term journey.

Second, in “Our Ecosystem-based Business Model” Ma takes a step further to bring investors to dwell with Alibaba. Ma rejects the notion of Alibaba as “an empire-like business” and restates its mission of helping small business through “creating an open, collaborative, and prosperous ecosystem.” Furthermore, this ecosystem comes with a “social responsibility,” a “moral duty” that aims to solve large-scale societal problems. Those descriptions further portray the character of the ecosystem. Consequently, participating in the ecosystem does not merely mean making profits but also sharing social responsibilities. At the end of this section, Ma proposes:

If you own shares in our company, you will become a part of our ecosystem. This means that the Alibaba team will have a duty to look after your interests. But it will also mean that you will have an important responsibility to help us maintain

and grow our ecosystem by sharing our view that success will be defined as sustainable, long-term growth and prosperity.

The “ecosystem” becomes the dwelling place. Alibaba is responsible for investor’s profits from the ecosystem; investors are obligated to share Alibaba’s worldview. Here, we see that by persuading investors to dwell in the Alibaba ecosystem, Ma tries to persuade investors into adapting themselves to Alibaba’s ethos. This kind of persuasion is the opposite of the Aristotelian ethos construction, which requires speakers to adapt their ethos to the audience’s. However, Craig Smith (2004) comments: “speakers can move the audience to conform to the speaker’s ethos and modify the audience’s habits and values. Such identification with a leader is difficult to achieve, but when accomplished, is the most powerful kind of persuasion” (p. 13). We see such powerful transference of ethos through dwelling.

Third, in “How We Will Meet Our Challenges” Ma confronts the obstacles such as competition, intellectual property infringement, and globalization. Subtly, Ma wants investors to understand the difficulties of conquering the challenges: “Even an ecosystem built on the Internet cannot be entirely free from problems in the traditional economy, because the participants in our ecosystem and their activities cannot be isolated from the physical world.” Instead of proposing a rational plan for meeting challenges, Ma expresses Alibaba’s resolution of overcoming obstacles and hopes investors to trust Alibaba:

It is not our style to shy away from challenges. As a shareholder of Alibaba, you can rest assured that we will stick to our ideals, be ourselves, focus on the future and adhere to the principles of integrity and transparency in our corporate governance. We will act in a way to safeguard the long-term value and sustainability of the ecosystem. Your trust and support will be our greatest asset, and our creed is to not forsake the trust that people have in us.

In this statement, Ma tries to connect Alibaba and investors in an emotional way. Dwelling is reflected as mental adherence. Ma asks investors to give Alibaba “trust,” an emotional asset in this sense, so Alibaba and investors can together carry on a long journey. However, this understanding of “trust” could be different from what is commonly understood by Western businesspeople, who consider that “trust” is developed through rational evaluation—in this case requires Alibaba to give a reliable plan for meeting challenges.

Fourth, in “How We Set Priorities” Ma maintains Alibaba’s “customers first, employees second, and shareholders third” value, explains its rationale, and uses Alibaba’s long-term investors Yahoo and Softbank as testimonials for the effectiveness of this value. It is commonly understood that Wall Street investors care more about profits than anything else. But Ma tries to dissuade investors from dwelling on profits:

Our company will not make decisions based on short-term revenues or profits. Our strategies will be implemented with mission-driven, long-term development in mind. Our people, capital, technology and resources will be utilized to safeguard the sustainable development and growth of the Alibaba ecosystem. We welcome investors with the same long-term mindset.

Apparently Ma talks about Alibaba’s stance on short-term profits and long-term mission; the assertion indirectly excludes investors who do not share Alibaba’s culture and value. Politely, Ma says at the end of this statement: “We welcome investors with the same long-term mindset.” In other words, to own Alibaba shares, investors need to be prepared for adapting their mindsets to Alibaba’s long-term mission. The “Corporate Governance” section adopts a similar strategy of requiring investors to adapt to Alibaba’s ethos by dwelling with the company’s partnership philosophy.

Delivered in a situation where Alibaba received controversial reactions to its IPO prospectus, Jack Ma's letter to investors not only serves to address investors' concerns but also functions to transfer the company's ethos to investors by bringing them to dwell with Alibaba. Different from the traditional Aristotelian persuasion's focus on adapting speakers' ethos to audience's, Ma's letter gives a good example of persuading the audience into adapting their ethos to the speakers. In this sense, Ma's letter facilitates the audience's identification with Alibaba. The timing of this letter is important. Supposing it was delivered at the very beginning (of course, then the letter would be different as the company would not receive audience feedback), there would not be the dialogic feeling in the letter. Rickert (2013) says: "Kairos is not about mastery but instead concerns attunement to a situation, with attunement understood not as subjective state of mind or willed comportment but as an ambient catalysis within what is most material and concrete, a gathering that springs forward" (p. 98). Ma's letter to investors manifests such a kairotic invention, which was derived from the material world and accelerated the transference of Alibaba's ethos to its investors.

### **Conclusion**

In this chapter, I described three features in Alibaba's IPO prospectus: the dialectic between discourse and materiality in ethos construction, materializing ethos through visuals, and transferring ethos. Using the rhetorical tool, ethos as dwelling, I offered an interpretation of the dynamic and temporal construction of corporate ethos in this IPO. It is important to distinguish between Alibaba's ethos and the construction of its corporate ethos in the IPO process. The above analysis shows that Alibaba has a clear understanding of its character or its dwelling, which was derived from the gathering of

the founders of Alibaba in Jack Ma's "Lakeside Garden" apartment and then formalized as Alibaba Partnership. Recognizing the importance of the culture cultivated from the birth of Alibaba, the company insisted on preserving and passing on its culture. To accomplish this goal in the IPO, Alibaba and its leader Jack Ma needed to accomplish an unusual persuasion, which required the audience to adapt their ethos to the company's. Consequently, Alibaba needed to find its dwelling in this IPO.

As the main communication medium during an IPO, the prospectus plays an important role in dwelling. The creation of Alibaba's prospectus was conditioned by the material environment such as the controversial Alipay spinoff. Alibaba needed to realize the constraints in the material environment and try to exert its agency. In contrast, the revision of the prospectus could influence the material environment, which was reflected in the separation of Alipay from Alibaba as a result of revising the statement about Alipay as "a related company." The dialectical relationship between discourse and materiality in the construction of Alibaba's ethos in the IPO prospectus indicates that the IPO prospectus is a dynamic discourse, which is integrated into the material world. The dwelling in the discourse is related to the dwelling in the physical world.

Although fundamentally discursive, the IPO prospectus shows a tendency of using visuals to construct ethos. The emotional energy released in the colorful and cartoonish graphics and the narrative representation embodied in visuals used for the technical descriptions help *ground* audience in Alibaba's business world. The naturalistic presentation of people, building, and events in the photos convey authentic feelings about a group of people gathering to discuss and share ideas. The striking feature of using visuals (graphics and photos) to materialize ethos is the emotional energy disseminated

from the visuals. In this sense, dwelling is more an emotional sharing than a rational evaluation. In his article “Telling Investment Stories: A Narrative Analysis of Shareholder Reports,” Daphne Jameson (2000) analyzed shareholder reports of mutual funds and concluded: “readers’ response to these reports depends not only on their intellectual understanding, but also on their emotional interaction with the narrator personae and visual symbolism” (p. 35). Jameson’s study confirms my findings in Alibaba’s IPO prospectus. Visuals play a critical role of *grounding* audience emotionally in technical documents like the IPO prospectus. Jameson’s study also points out the importance of using narratives in communication with investors, which is now a common knowledge in the profession of investor relations. Anna Adorisio (2015) further elaborates on the use of narrative in financial communication. In this chapter, I focus on how visuals are used to construct ethos and spend less time on the use of narratives. However, I noticed the emerging use of narratives in the IPO prospectus from examining the “business section” of Alibaba’s IPO prospectus, where narratives were applied to the technical descriptions of business products. On a larger scale, I suspect that multimodality and narratives will be a future trend in technical communication.

Last, to help investors dwell with Alibaba, the company needed to catch a kairotic situation, which was derived from the material world and catalyzed the situation. Alibaba waited to send the letter to investors in a later stage of the IPO when the company received abundant audience feedback on the prospectus. The controversy surrounding the prospectus and the company set up an exigence for utterance. Under this circumstance, Jack Ma’s letter became focused and dialogic. Consequently, the letter helped bring investors to dwell with Alibaba’s long-term journey.

In short, dwelling discursively is inseparable from dwelling materially.

## Chapter 6 Conclusion: Dwelling Materially

*Trust is an emotional energy derived from materiality.*

### Summary, Conclusion, and Future Direction

This project's central research issue is how trust was operationalized in a cross-cultural, professional context. The major interpretative tool in this intrinsic case study is rhetorical ethos. Rhetorically speaking, the gaining of trust results from a successful construction of ethos. Through tracing the classical and contemporary conceptualizations of ethos, I settled on ethos as dwelling, which includes discursive and material dimensions. The analyses of two artifacts—the online tertiary audience reactions and the IPO prospectus—reveal that the construction of corporate ethos in this IPO case is related to complex ecologies and the dialectic relationship between discourse and materiality. Findings from the two artifacts overlap in terms of the importance of materiality and the role of emotion in ethos construction.

First, the online tertiary audience reactions started with a rational evaluation of Alibaba and the IPO. However, such rationalization could not help investors reduce uncertainties in the future, such as the risks existing in Alibaba's partnership structure, VIE, Jack Ma, and the entire notion of investing in China. What was needed in this circumstance was what sociologists call "the leap of faith." Analysis of the tertiary audience reactions indicates a flow of different energies. It is clear that at the end of Alibaba's final filing period, rational evaluation had evolved into dissemination and competition of emotions. On the other hand, emotions were derived from the material

environment, such as Alibaba's revenue surge, its refutation of negative media reports, and its circulation of the dream t-shirt. Therefore, I drew the conclusion that the construction of corporate ethos was influenced by complex ecologies consisting of material experiences and public feelings.

Second, the revision of the IPO prospectus indicates that the creation of the prospectus was conditioned by some material constraints, such as the Aflipay spinoff. While Alibaba had to confront the material constraints, it could still exert agency in creating itself a niche, such as strategically disclosing a revenue surge. An important strategy Alibaba employed in this effort is the materializing of ethos through the use of visuals. The major benefit of using visuals is the release of emotional energies that can *ground* the audience in reading the prospectus. While revealing the dialectical relationship between discourse and materiality in ethos construction, I would like to dwell on materiality, the final destination of ethos construction.

In this project, analyses of the two artifacts in the case study lead to a common theme about materiality and emotion in ethos construction. Though discourse is an important component, ethos is derived from materiality and influenced by emotional energies. Therefore, at the end of this case study I regard trust, the outcome of ethos constructions, as an emotional energy derived from materiality.

However, trust, as an emotional energy, is inseparable from rationalization. To take "the leap of faith," people need a prior reasoning ground. Trust without a reasoning ground is blind. On the other hand, trust is never equated to rationalization. When rationalization dominates, emotional energy is deprived, and thus trust is impaired.

For future research in line of ethos construction, I would like to start with the

electronic roadshow, which is a remediation<sup>105</sup> tool in IPOs. Analyses of the online tertiary audience reactions and the IPO prospectus point to the determining role of materiality in ethos construction. Therefore, the electronic roadshow—the material artifact—becomes important. The electronic roadshow targets retail investors who may not be able to access information as do institutional investors. Retail investors may not read the prospectus or observe the online tertiary audience reactions as closely as do institutional investors. But retail investors can contribute to stabilizing the stock shares after the IPO because retail investors make their own decisions. They may not be as much concerned as some institutional investors as retail investors usually purchase a small amount of the stock shares. However, when those small-amount owners gather, they could become as powerful as institutional investors. This is why companies try to attract retail investors in IPOs.

Compared with the lengthy IPO prospectus, the electronic roadshow offers retail investors a vivid, multimodal medium for understanding the offering. In addition to the visual mode used in the prospectus, the electronic roadshow employs other modes such as music, gestures, and gaze. Bolter and Grusin (2000) consider that “[r]emediation is the mediation of the mediation” (p. 55) and that “all mediation remediates the real” (p. 59). Based on this notion and the emphasis of emotions in ethos construction, I would like to investigate how the electronic roadshow creates authentic feelings of meaning in the prospectus. For example, narrative theory can help us understand the different personas used in business communication, which offer the audience choices and generate

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<sup>105</sup> The term “remediation” used here is from Bolter and Grusin (2000), which refers to how one medium refashions another. In this IPO case, the electronic roadshow, which is a video, refashions the IPO prospectus.

emotional impact on the audience (Jameson, 2000). I could investigate the different characters presented in Alibaba's electronic roadshow, such as the CEO, the founder, and the CFO, how their voices, gestures, gaze, and head movements contribute to *grounding* the audience in the Alibaba story.

One of the features of the electronic roadshow is the use of the original speeches from the Chinese characters. I could investigate how the matching between the speakers' authentic speeches and the English subtitles contribute to the creation of authentic feelings. Also among my research interests is how musical background matches visuals in the video and how visual symbols generate universal meanings.

From a professional and technical communication perspective, the electronic roadshow offers good examples of technical description and technical instructions videos. I could investigate how those videos resemble and compensate for the discursive technical description and instructions in the prospectus. Another interesting area for investigation is localization in a globalization context. Often in technical communication, designers adopt a universal design principle or localize products to cater to the audience's culture and values. However, Alibaba's electronic roadshow takes the opposite route—it instead features Chinese characteristics, such as authentic images and speeches from local Chinese. It seems that Alibaba tried to move the audience to Alibaba's dwelling. I could investigate how such *grounding* contributes to effective ethos construction in professional and technical communication.

On a larger scale, the concept of *dwelling* could be useful for technical communication design. Dwelling indicates a sense of connectedness and networking. In order to come together and make a place for everyone to flourish, participants need

connections. In order to continue making such a place, participants need to weave a sort of network. Researchers such as Joseph Moses and Ann Duin (2015) have addressed the importance of connectedness and networking in technical communication. Here I would like to emphasize the role of materiality in dwelling. It is worth noticing that Alibaba's ecosystem is an example of dwelling. The central issue that Alibaba tackled in its business is the establishment of trust between buyer and seller. The ecosystem establishes a virtuous cycle where buyers and sellers inhabit. Participants in the ecosystem trust each other when conducting transactions online. Furthermore, such trust is extended to the offline environment where buyers receive the packets they purchased online from postmen. Alibaba addressed the concept of *logistics* in its IPO prospectus and electronic roadshow. The logistics became the material infrastructure of the virtual ecosystem. Drawing on this finding, I would like to explore how the virtual network is connected to the physical network, and how the physical network can support the virtual network.

### **Industrial and Pedagogical Implications**

This case study aims to facilitate naturalistic generalization. Interpretations offered in this case study help understand this IPO case. On the other hand, the study carries some instrumental features. It could contribute to refining the existing theories of ethos. It also offers industrial and pedagogical implications.

#### **Industrial Implications: Rhetoric and IPO**

This case study points out the importance of online tertiary audience reactions in IPOs. Investor Relations (IR) professionals should attend to findings generated from the rhetorical analysis, such as *topoi*, material experiences, and public feelings. Those concepts can help IR professionals monitor and navigate audience reactions in IPOs. On

the other hand, the use of rhetorical theories in data analysis demonstrates how rhetoricians can contribute to business communication. The persuasive nature of IPOs presents opportunities as well as challenges for rhetoricians to participate in a complex and pragmatic communication venue. The intersection between rhetoric and investor relations opens more opportunities for cross-disciplinary collaboration.

It is also clear from this case study that the creation and revision of the IPO prospectus may not be just a static one related mainly to stylistic issues. The prospectus can be dynamic in that changes are made to respond to expectations from the SEC's, the tertiary audience's, and most importantly, and the potential investors. Companies should consider the IPO prospectus as a fluid discourse which establishes an interface for companies and investors to negotiate substantial issues during the IPO.

In addition to studying the IPO prospectus, companies should attend to the use of electronic roadshows in IPOs, especially when attracting retail investors is a priority. The advancement of technologies provides us with more communication mediums in addition to discourse. Compared to the IPO prospectus, the electronic roadshow can provide retail investors more direct, lucid, and authentic feelings about the IPO. That said the creation of a successful electronic roadshow requires careful design, such as weighing up strategies of localization and globalization.

Last, findings from this case study imply that the corporate ethos in IPOs may differ from the company's ethos. Analysis in this study reveals that Alibaba was clear with its ethos, which evolved from Jack Ma's apartment, the founding site of Alibaba. During the IPO, Alibaba tried to maintain its character and pass on its culture. The dwelling place that Alibaba found for itself in China helped the company flourish. To

persuade the U.S. investors in the IPO, Alibaba needed to find a dwelling place where both the U.S. investors and Alibaba could flourish together. Thus, Alibaba's IPO case implies that companies should consider how to dwell in the IPO in order to construct its corporate ethos in a specific context.

### **Pedagogical Implications: Performative ePortfolio**

Using ethos as dwelling, we could design activities to help students construct their ethos in everyday life. The construction of ethos is more than just a stylistic manifestation. The construction of ethos is a process of dwelling in a specific context. Ethos does not merely exist in the speaker's body or speech. It is constructed in complex ecologies and in relation to other people. Particularly, findings from this case study demand educators to attend to the material dimension of ethos construction. This is to say, in addition to encouraging students to write and talk about their ethos, we should offer opportunities that engage students in a material construction of their ethos. Such construction of ethos would require students to consciously reflect on their discursive and material interactions with the exterior world. In this way, students could find their own positions in dwelling. Next, I give an example of using ethos as dwelling to design a class project that aimed to help students construct their ethos. This project is called "performative eportfolio."

In the performative eportfolio project, the eportfolio serves as the physical "place" for students to dwell. The *process* of building the eportfolio is more important than the eportfolio as a product. "Performative" refers to the oral presentations that students deliver, which are based on the documents displayed on the eportfolios. Performativity theorists consider that identities (part of ethos) are constructed when they are performed.

Therefore, the performance element is added to the eportfolio project, with the aim of helping students construct their identities as well as develop oral communication skills. Another feature of the performative eportfolio project is reflection. Students write reflective memos to analyze their own presentations and audience feedback. In the performative eportfolio project, students not only write about their personal and professional identities in the “introduction” part of their eportfolios but also keep revising the texts through their dynamic interactions with the material environment. The performative eportfolio project includes four components. The four components are not arranged in exact sequence but rather are interwoven with each other.

**Building a Persona.** To build the physical “place,” students need to select, develop, and modify websites that can store their documents. The website represents the student and becomes the student’s persona. By searching the word “eportfolio,” students can easily retrieve some eportfolio templates. Students usually choose from web site creation tools, such as Google Sites (<http://sites.google.com>), Weebly (<http://www.weebly.com>), WordPress (<https://wordpress.com/>), and Wix (<https://www.wix.com/my-account/sites/>). Although those templates set up constraints, they still can help students understand the basic functions of eportfolio. For students who seriously consider building eportfolios for career development, they may set up their own websites from scratch.

At first, a considerable number of students in our class chose their eportfolio templates for convenience—ease of use. They did not quite understand how this “persona” could affect audience’s perception of their ethos. An older student who seriously considered using the eportfolio for her career development was baffled by the

complexity of technology. As a result, the first version of students' eportfolios looked either ugly or insufficient. As the class moved on, students learned about the technological affordances of different eportfolio templates and decided on the one that could best serve their design purposes. Students also developed a sense of the rhetorical affordances of different modes. For example, students chose different colors to convey different emotions. Students posted different pictures to tell audience different spheres of their life. Students used different page layouts to indicate their personalities or professional habits. More importantly, students understood that their eportfolios were designed within the rhetorical contexts of their professions and were interpreted by different audiences.

All students renovated their original eportfolio websites at the end of the class. Some students moved to new websites as they discovered more exciting resources. Compared to their first-time efforts of building eportfolios, students worked more efficiently and more purposefully at the end of the class. By establishing appropriate eportfolio websites, students develop understandings of technological affordances and constraints, rhetorical contexts of their professions, and audience of their websites.

**Developing Discourse.** Students create and compile documents on their eportfolio websites. Documents can vary in disciplinary emphases, programmatic needs, and students' career interests. This component helps students develop content creation skills as well as familiarize students with communication genres in their own professions. Ultimately, students develop a set of artifacts that they can showcase to future employers. In our class, students practiced technical descriptions, technical instructions, progress reports, and analytical reports.

To create professional documents, students need to attend to their ethos construction in writing. Students should employ appropriate genres for their writing situations, employ conventional linguistic registers, and target the appropriate audience. Their writing should reflect their understandings of their profession and their ethical responsibilities for their audience. In our class, students kept uploading documents on their eportfolio websites as the class moved on. By displaying the documents on the websites, students acquired a (semi-pseudo) sense of audience, depending their willingness to share their documents with the class or the public. In this way, the context of class assignments was moved beyond instructor-student to include a more “real” audience. At the end of the class, students had the opportunity to select a set of documents that best showcased their writing skills in their chosen professions. How students selected and arranged the documents on their eportfolio websites also reflected their understandings of ethos.

Additionally, students embedded a short bio on their eportfolio website, introducing their personal and professional identities. This bio reflects how students discursively constructed their ethos. Students included their hobbies, favorite colors, travel experiences, family structure, etc. Students also included their academic background, professional affiliation, training and internship experiences, and so on. Students continued to revise this bio as they acquired more understandings of themselves and their professions.

**Performing and Videorecording.** As indicated before, ethos construction is not only discursive but also material. In addition to constructing their ethos in writing, students can build their ethos through active interaction with the material environment. In

our class, students performed selected documents that they created.

“Performance” here refers to the oral presentations that students gave on the selected documents. For example, students could renovate a technical description into a sales presentation; students could contextualize the analytical report in a board meeting. The remaining class played the role of audience in different contexts. In addition to conveying the content in the document, students needed to think about how their voices, gestures, eye contact, dress, PowerPoint slides, and even their use of physical space could affect audience perception of the document’s content and the presenter’s credibility. Presenters also responded to audience’s questions, which may shed light on revision of the original document and the presenter’s ethos. For example, one student gave an elevator pitch on an app called “Ride N’ Dine,” which targeted college students between 21-30 who needed a ride home after a long night out at bars and wanted to get food on the way. The presenter imagined himself as a young entrepreneur, looking for interested investors. The written version of the pitch did not sound as persuasive as the oral delivery. The student’s presentation skills gained him credit as an aspiring entrepreneur. The topic resonated with other students, but they also raised ethical questions regarding the purpose of the app and the presenter’s character. Here, the sense of ethos was moved from text to other materials and on-the-spot interaction with audience.

To preserve the performance for analysis and reflection, we videorecorded each oral presentation. The aim is help students review their performance in order to revise the original documents and modify their eportfolio websites. Also, students could embed video recordings in their websites to showcase their oral communication skills. We used Google Glass for videorecording, a rare opportunity enabled by a faculty member’s

technology grant. Compared to digital cameras, Google Glass gave us the audience perspective. Wearing Google Glass is like having another eye. Therefore, recordings from this perspective are closer to what an audience sees and hears during the oral presentation. When reviewing recordings, it is more likely for the speaker to experience how the audience perceives the performance. Google Glass also serves as a good eye-tracking tool. It tracks when the audience moves from the presenter to other people, nods, falls asleep, starts taking notes, chats with neighbors, etc. Presenters could use those traces to evaluate and improve their oral delivery and written documents. Students also proposed to let the presenters wear Google Glass, so they could review how audience reacted to their presentation. We tried but did not keep this practice because presenters reported distraction from wearing the device.

Overall, performing eportfolio documents deepen students' understandings of professional context and help them observe their ethos from an audience's perspective and in a material environment.

**Analyzing and Reflecting.** Analyzing videorecordings can provide students with a chance of understanding the content of communication—the grammatical and semantic delivery of meanings. Observing the viderecordings helps student step outside of the written mode and evaluate communication effectiveness in other modes (e.g., visuals and audios). It also provides students with an opportunity for understanding the context of communication—how nonverbal elements such as gestures and eye contact shape communication. Students also had the opportunity to analyze audience feedback, which was preserved in the recordings. Using audience feedback, students can revise the original documents in their eportfolios.

The analysis of their own presentations affects the construction of students' ethos. As indicated previously, ethos can be understood as dwelling place, where people can thrive and flourish in "complex ecologies of the world's things and forces." The interactions between the speaker and the environment are important for ethos construction. In addition to developing their professional identities through learning and practicing customs and values in a community, students need to attend to how they respond to the dynamic and complex environment. The videorecordings of their presentations can offer students materials for observing and evaluating their acculturation practices. Students can record the parts where their believed acculturation practices in fact failed to work. For example, a student who used a lot of professional terms to build his credibility may encounter audience resistance because of the alienation created by an inappropriate professional tone. On the other hand, a student who lacked confidence in his professional image may find audience rapport generated by his friendly talking style.

Finally, students wrote a reflective memo to report their analysis of their own presentations and audience feedback. Students compared their performance with their understanding of their identities and modified their eportfolios.

The performative eportfolio takes a material approach to ethos construction. Ethos is not only constructed in discourse, but also through students' interaction with technology and the environment. By constructing a website, students need to consider the rhetorical context and the affordances of different modes. By developing discourse, students need to think about how their documents can best serve their personal and professional goals. By performing their documents and reflecting on their performance, students look at how their ideas are embodied and evaluated. The performative eportfolio

hopes to bring more dynamics to our technical and professional programs by integrating discourse, people, technology, and environment.

The “performative eportfolio” project is just one example of using ethos as dwelling in pedagogical design. More opportunities are waiting for us to discover.

## **Postscript: Reflection on Case-Study Methodology**

I am interested in qualitative case study because I see the need for understanding in many cases. Admittedly, quantitative study can generate propositional, replicable generalizations and therefore provide people with guidelines and principles. From a positivist perspective, truth exists in the most general of axioms. However, for some qualitative case-study researchers, like Robert Stake, truth exists in particulars. An in-depth and comprehensive understanding of the particulars also requires recognizing them in new contexts. This is to say that tacit knowledge generated in an individual audience through naturalistic generalization can be applied to new and dynamic contexts. This generation occurs because tacit knowledge is the type of knowledge gained through an audience's direct experience. It is internalized and individual. It is stored in the audience's mind like a tool in a toolbox. When encountering a new situation, the audience can take this "tool" out of the toolbox and decide how to use it. The use, of course, is based on a thorough and comprehensive understanding of the precedents. This is what I aim to achieve in qualitative studies. Through my interpretation, I hope my audience can meditate on the construction of ethos in this case and understand how Alibaba gained trust from U.S. investors. This understanding can help the audience better comprehend similar issues in the future and make their own decisions. From a pedagogical perspective, technical communication teachers could ask students to analyze specific cases in professional communication, using rhetorical theories, visual analysis, or technical communication theory. Students could observe the case by themselves and develop a deep understanding about the case. Next time, when they encounter similar cases, they could decide how to act based on their own knowledge rather than simply

complying with certain guidelines that they may not fully understand. I consider this outcome as the essential value of qualitative case study.

I see that rhetorical theories can contribute significantly to qualitative studies. Rhetoricians study how communication works, how situations change, and how human beings relate to themselves and the world. The diversity of subjects that rhetoricians study indicates that rhetoric is dynamic, multilayered, and evolving with society. Applying rhetorical theories from the past may shed light on understanding contemporary issues. Outcomes from such an application may in turn refine existing theories and therefore push the evolution of rhetorical theories. My research on Alibaba's IPO case taught me that the success of Alibaba's business embodied some rhetorical issues, such as ethos and trust. A thorough understanding of Alibaba's success could help rhetoricians refine and even expand existing theories on ethos and therefore provide people with new tools for future decision making.

Additionally, I gained experience in some specific aspects of conducting qualitative case study. First, the process of analysis is recursive. The process of conducting a case study is an investigation. I worked like a detective, collecting evidence, figuring out clues, and putting pieces together. A lot of times, I figured out that the evidence I collected would not contribute to solving the "puzzle." I went back to collect more. In my case, the digital ethnographic approach was beneficial because I immersed myself in the evolution of the case. In addition to the empirical knowledge I gained from such an immersion, the intuition I developed helped put the case on the right track. But it was hard to say when the "puzzle" would be solved. This approach requires attention to detail and serendipity sometimes. It is possible that you figured out how to put the pieces

of the “puzzle” in one month. It is also possible that you changed direction in the last week of writing your dissertation because of a sudden enlightenment. You have to live with the case.

Second, the research issues in my case study were used as guides initially. For this intrinsic case study, the case is the base. Instead of designing research questions scientifically, I formulated a couple of research issues to help me navigate the case. However, as the investigation progressed, some research issues proved to be irrelevant, and new issues emerged as essential ones. At such junctures, I formulated new research issues to advance the investigation.

Last, the achievement of naturalistic generalization in a qualitative case study requires techniques. Ideally, a qualitative case study should give the audience direct experience with the case and in-depth understanding of the issues. I found that “thick description” in a narrative form can help transfer the direct experience from the research to audience. Human beings are wired to narratives. Good story telling can engage an audience. To master good story telling, some literary training might be useful. Also, a qualitative case study should offer an audience powerful interpretations. I found that in order to write a powerful interpretation and convey it to audience, I need to believe it firmly first. Overall, it is important for qualitative case study researchers to have faith in the case before they can write vivid descriptions and powerful interpretations.

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