

Alibaba SWOT Analyst

The Unicorn of Asia

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Professor DU.

Strengths:

Brand: The Unicorn of Asia and the eCommerce World. Alibaba, it is everywhere in China (TaoBao, Tmall, Alipay, Aliyun, 1688.com, AliExpress, Ali Financial Services,...). It is hard to find a Chinese person who does not know about Alibaba or their founder, Jack Ma. Moreover, it is also expanding in Asia from Southeast Asia to India market. The brand was boomed globally after hit the record of highest IPO of Wall Street.

Founder and Culture: Amazing founder, the philosophy of the founder is passed into every entrepreneur, Chinese people and Asian people. The story of a teacher who does not know about technology 14 years ago created the largest eCommerce Corporation has changed the thinking of the World and the western people about Asia and China. The Culture of the company is always about the happiness of customers. “If our customers are happy, we are happy” – Jack Ma. The mission of Alibaba is to help everyone doing eCommerce easier and from anywhere, and they are famous because some of the factors like that. Alibaba, they understand their customers and make them happy, that was how eBay failed in China.

Size: It is too giant now comparing to 14 years ago, but it is still a baby comparing to their size in the future. Their size, it is just everywhere in China. Alibaba Group recently

expanding into every field not only eCommerce marketplaces and wholesale. They are from financial services to hotel booking to cloud computing and robotics.

History: The history of developing from 18 people in an apartment to the World largest eCommerce Company with around 30,000 employees is the blast for everyone; especially it is really motivated for entrepreneur. The history of the founder, the history of their game versus eBay and Amazon in China are the factors which make them more famous.

Diversity of Brand and Products: As mentioned above, they are expanding into different field of business from investment to robotics. Regardless the raising of other Domestic Giants like JD, Tencent; Alibaba is still remained at the top because they are just too big.

The most trusted payment platform 支付宝: One of the killer weapon of Alibaba is here. Alipay - the amazing third party payment platform for online shopping is changed the way people paying and created the trust of eCommerce. Recently, they are developing eWallet and focus on mobile because the World's trend now is mobile. However, they are facing a tough challenge from WeChat's Tencent.

Weaknesses:

Logistics and Warehouse: Comparing to JD or Amazon's business model of using warehouse, Alibaba sounds like a smarter model when they don't need warehouse and still become the largest eCommerce Company. However, the model of Alibaba still facing some issues about time of delivery. It is fast, but not guaranteed as fast as JD.com which is a dog comparing to a Cat (TaoBao). JD uses warehouses spread around China so it is faster in logistics, especially shipping to the countryside of China.

Seller, product verification and intellectual property management: China and Asia is negatively famous about being fraud culture where you can find a fake product easier

than authentic product. On TaoBao, fake or copy items are everywhere and it is hard to block those sellers because sometimes, people want fake items. However, it is still a weakness of TaoBao, and it makes shoppers not confident when shopping on TaoBao.

Opportunities:

Stepping out of China: It is everywhere in China, this is the time for Alibaba to step out of Asia. Alibaba recently targeting India's eCommerce market and Southeast Asia's Singapore. Alibaba and Jack Ma had few times approaching the U.S market; however, it is not as successful as in their place in China.

Top Wholesale and Global Supplier Marketplace: They are recently top Wholesale, Global Supplier Marketplace; in the short future, they are still remained on the top because China is the place where most of the world's products are made.

Threats:

Domestic Giants: Tencent (wechat), JD.com and other new technology companies are the threat for Alibaba like when Tencent integrated the payment function into WeChat, a Chinese sticky communication mobile app.

Legal issue of Taobao: As mentioned above, Taobao still facing the legal issues, the intellectual property issues where fake and copy items are sold.

Mobile Challenging: Versus Tencent, as Alibaba tries to lure smartphone users, it faces competition from other Chinese Internet giants such as Tencent Holdings Ltd., which is also trying to beef up its mobile and online commerce capabilities. WeChat smartphone messaging app has 236 million active users. Last month, it added electronic payment features to the app, a step toward turning the communication tool into an e-commerce platform. Forrester Research analyst Bryan Wang says Tencent has a lot of potential

because WeChat is a “very sticky” platform – many people use it all day long to communicate with their friends and family members. If the company can successfully integrate other services into WeChat, it could evolve into a major e-commerce competitor

Logistics: The lack of warehouse is the factor that Jack Ma and Ali are really proud when comparing to Amazon and other B2C C2C eCommerce Marketplace Model. However, it is also a threat of Alibaba. Comparing to JD.com, buying item on TaoBao or Tmall has an average shipping time slower than JD.com, especially countryside of China. Alibaba focuses on working with logistical partners to delivery the products. They don't use warehouse, they use the network of eCommerce which sounds great; however, that is also the weak point.