

**SECOND ASSIGNMENT**  
**SEPTEMBER/OCTOBER SEMESTER 2020**

---

**BACHELOR OF COMPUTER SCIENCE (HONS.)**  
**(IN COLLABORATION WITH IUKL)**

---

**INTRODUCTION TO E-COMMERCE**  
**(CSC 1020)**

---

**LECTURER'S NAME : NAVIN DUWADI**

**GENERAL INSTRUCTIONS**

1. This question booklet consists of 2 pages including this page.
2. There is one **SECTION** in this question booklet.
3. Please submit assignment solution in **SOFT COPY FORMAT** in A4 size paper.
4. **The Deadline for Submission is on 5<sup>th</sup> January.**



## Case Study

### **Singles Day hits US\$30.8 billion record as Alibaba goes 'all-in': What brands won the day, and what we learned.**

At the stroke of midnight when the rolling counter stopped, gross merchandise volume for Alibaba's 11.11 Global Shopping Festival 2018 hit RMB213.5 billion (US\$30.8 billion)—27% higher than last year's milestone. Even before the sun set on 11 November, it was a foregone conclusion that this year's GMV would again satisfy Alibaba executives, as last year's record of RMB168.2 billion (US\$ 25.3 billion) got broken at around 4 pm. 237 brands raked in RMB100 million (\$14.4 million) in individual GMV, including Apple, Dyson, Kindle, Estée Lauder, L'Oréal, Nestle, Gap, Nike and Adidas. Over 40% of consumers bought from such international brands. In general, the highest spenders were located in Guangdong, followed by Zhejiang, Jiangsu, Shanghai, and Beijing, with many bagging discretionary purchases rather than consumer staples. The most popular countries selling their wares into China were Japan, the US, South Korea, Australia and Germany.

180,000 domestic and foreign labels took part, a far cry from having only 27 brands in the debut of Singles Day. The 10th anniversary of the now-extravaganza kicked off 20 days ago with 29 Alibaba units participating for the first time, and the group proclaiming how its entire ecosystem was "all-in". That show of hands encompassed Hema, the new-retail supermarket chain (which Alibaba is now renaming Freshippo), delivery app Ele.me, lifestyle services arm Koubei, hypermart operator RT-Mart, home-furnishing company Easyhome, and recently acquired Lazada, which held a parallel shopping festival in six Southeast Asian markets.

Promotions also targeted overseas Chinese across the US and Australia. RMB1 billion (US\$144 million) of coupons was offered in the form of 'red packets', while members of Alibaba's 88VIP loyalty program enjoyed extra 5% discounts on top of their regular ones. Amid the backdrop of a slower-than-expected 6.5% GDP growth in Q3 2018 (the lowest since 2009), consultancies like Oliver Wyman previously expected fatigue to set in, citing 30% of respondents in a 2000-sample survey planning to spend less money this year. The final GMV of 2018 represented a 27% increase from last year. That is, however, the lowest increase Alibaba has recorded in the past decade. Even as China faces economic and concurrent geopolitical challenges, Alibaba executive vice chairman Joe Tsai still gave a sense that there's no stopping the rise of China's middle class and its quest for an upgrade in lifestyle through the consumption of higher-quality products and services. "That trend is not going to stop, trade war or no trade war," Tsai said, suggesting that eye-popping numbers may be the norm every Singles Day as the incomes of Chinese consumers continue to grow. Coupled with a high savings rate, those provide a sound base for consumption. Any short-term effects like currency fluctuations and trade tensions will be "cyclical", he said. "We're very, very bullish."

The billions in GMV may not translate into individual store performance and profitability. Josh Gardner, CEO of Kung Fu Data (an e-commerce analytic and optimization company, also known as TP or Tmall Partner), said that according to his own client portfolio and word 'on the street', 11.11 sales are "much better than last year but not meeting targets". It is getting expensive to buy traffic on Alibaba during the event, Gardner told Campaign China. "We even decided not to have one of our new clients participate in any big way. Costs would blow through their quarterly budget in one hour," he said. In for example the sneaker category, there is almost no free search traffic available on Tmall or Taobao, as more than 90% of such searches lead to "branded results" from,



say, Nike or Sketchers—usually the top brands, he said. "So the cycle of winners is reinforced every year." Indeed, Alibaba is generating revenue from search traffic as per its business model, but Tsai said the company "held back a little bit" on the monetization of recommendation traffic. "We feel that right now the economic environment has been uncertain, and to step on the pedal to charge merchants for recommendation-type traffic is not the right time." Gina Sun, China vice president of Denmark-based Bestseller Group that has four of its fashion brands—Only, Vero Moda, Jack and Jones, Selected—topping the sales charts this Singles Day, spends most of her Alibaba-related budget on a P4P (pay-for-performance) service, search ads, banner displays and live streaming. Cost per customer acquisition during the annual spree has gone up year over year though, she revealed. "We're constantly trying to explore effective tools together with Alimama (Alibaba's martech platform).

There is no specific tool that we are crazy about... but we really want to see more integration so that we can use data to fully do re-targeting inside the Alibaba ecosystem," Sun remarked in an interview just before the countdown. If marketing effectiveness from traffic and data are not abundantly clear, at least Alibaba's KOL and content strategy is. This year Alibaba said it produced over 10,000 short videos on various platforms and engaged with KOLs from Russia, Spain, France, Poland and the Middle East in a global promotion. One such KOL, a young lad who live streamed seven hours of his life for 20 days, trying on 300 lipsticks from 60 brands and eventually selling RMB10 million (US\$1.44 million) worth of tubes.

Such exhibits of almost-maniac consumerism are visible throughout the lead-up period to 11.11. During the celebrity-filled gala meant to entertain and encourage consumers to add more stuff to their shopping carts before the clock strikes midnight, a Chinese girl group CY Girls performed a song unimaginatively called "Wanna Buy Wanna Buy".

Tsai said Alibaba data shows middle-class consumers are stepping up purchases of fast-moving consumer goods, such as beauty products, adding strength to that segment, but the company rarely addresses the societal impact of its push for ostentatious buying. Looking ahead to 11.11's future, Alibaba executives like Tsai may be optimistic, but there is no guarantee there will not be speed bumps to the kind of organic growth Alibaba hopes to achieve. Madjor's business director Zach Mueller said Alibaba will need to continue driving consumer loyalty through new forms of marketing like social commerce or membership programs, which in turn drives higher lifetime value per customer and higher returns for brand partners. As 11.11 wore on, delivery orders handled by Alibaba-owned Cainiao topped 1 billion packages, eclipsing last year's 812 million boxes. Alibaba paraded the number as proof of its logistics prowess, but that also means 1 billion boxes full of bubble wrap and covered in tape. Sustainability and Eco-friendliness are high on the minds of middle- and upper-class Chinese consumers, said Nick Withycombe, director of content at Reuters Communications, citing a recent report *Luxury Conversation* published with ILTM China surveying over 400 affluent consumers. "The 'green credentials' of companies were a key requirement for making choices," he said. "Honestly, I think we've all become a bit spoiled by out-sized results in recent years," added Kung Fu's Gardner. The inevitable maturation of this frenzy may be better for brands, and the environment. The party may not last otherwise.

Chan J, (12 Nov 2018), 'Singles Day hits US\$30.8 billion record as Alibaba goes 'all-in'' Retrieved from <https://www.campaignasia.com/article/singles-day-hits-us30-8-billion-record-as-alibaba-goes-all-in/448250> Accessed 12/05/2019.



---

### Questions

1. Prepare a report on TEN (10) potential benefits of B2B e-commerce ecosystem provided by Alibaba.

(10 Marks)

2. Express FIVE (5) competitive strategies for Alibaba to overcome the competition from its rivals.

(10 Marks)

3. E-commerce can pose some challenges to a business. As new appointed Alibaba CIO, investigate FIVE (5) possible issues of e-commerce and suggest on how to solve them.

(10 Marks)

**\*\*\*END OF QUESTIONS\*\*\***