



Alibaba.com

**Business Case Study
of
ALIBABA, THE CROCODILE of
YANGTZE**

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Jack Ma, The Founder of Alibaba



China is The Big Market

- When China opened its gate for e-commerce, the established US companies had their eyes on China.
- If a company establish itself in China, by default that company would become the most dominant company in their industry.
- One of the most successful and powerful company of US was Ebay.
- It had captured 16 countries including US and UK in terms of ecommerce.

Ebay, The Giant

- Ebay was a 30 billion USD company, had the perfect market recipe for success to come and conquer China.
- They had money, amazing time, most importantly because of their experience in ecommerce.
- They knew exactly how the market functioned.

Jack Ma vs Ebay

- Ebay might be the shark in the ocean, but I'm the crocodile in the Yangtze river. If we fight in the ocean, we will lose. But if we fight in the river, we will win.
- Something happened so that from 90% market share in China, Ebay had to quit Chinese market and never ever came back again.

Ebay's Chinese Observation and Strategies

- People bargain a lot in Chinese market, they wanted to eliminate bargaining.
- Chinese market was filled with cheap good with no guarantee or warranty, they wanted to high quality products.
- Clumsy and clustered website, they wanted to give customer better experience.

Jack Ma, The King Strategy Maker

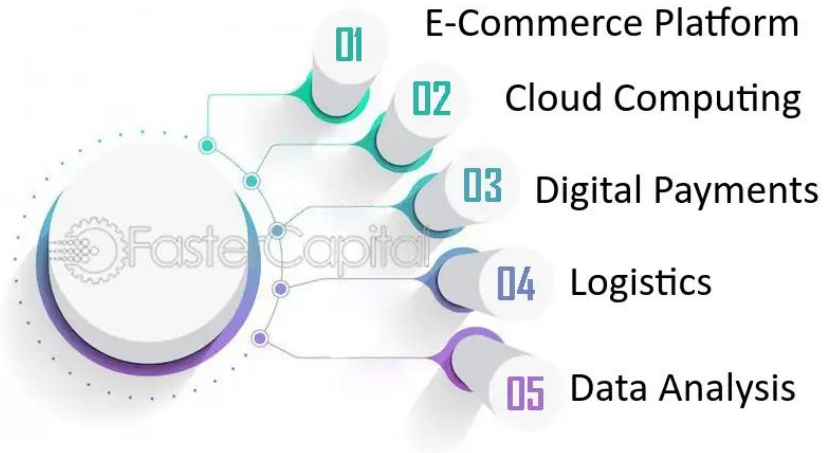
- He wanted his website to look massy.
- Not interested to sell high quality products, they will say only cheap goods.
- Bargaining should be mandatory for every customer.
- Ebay was looking at things from the American prospective, took Chinese market as an external entity.
- Jack Ma viewed Chinese market as a local resident of China, understood the mindset of China.

Jack Ma, The King Strategy Maker

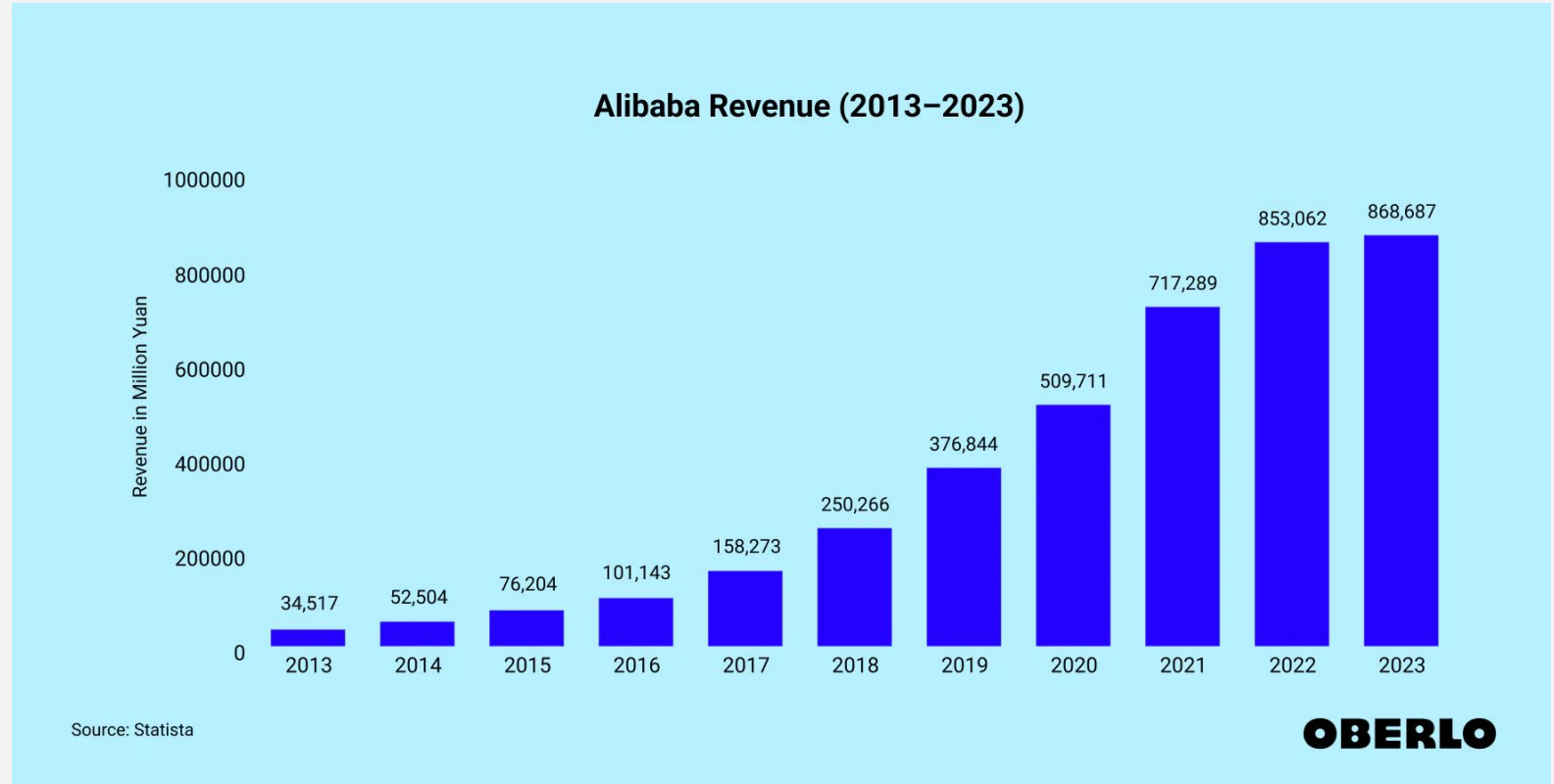
- Chinese people are used to clumsy and dirty markets.
- The purpose of Chinese people going to market is to buy cheap goods.
- Bargaining in the Chinese culture is actually a mandate.
- Chinese people thought that Ebay is looting them, because of no bargaining opportunities.

Alibaba Business Model

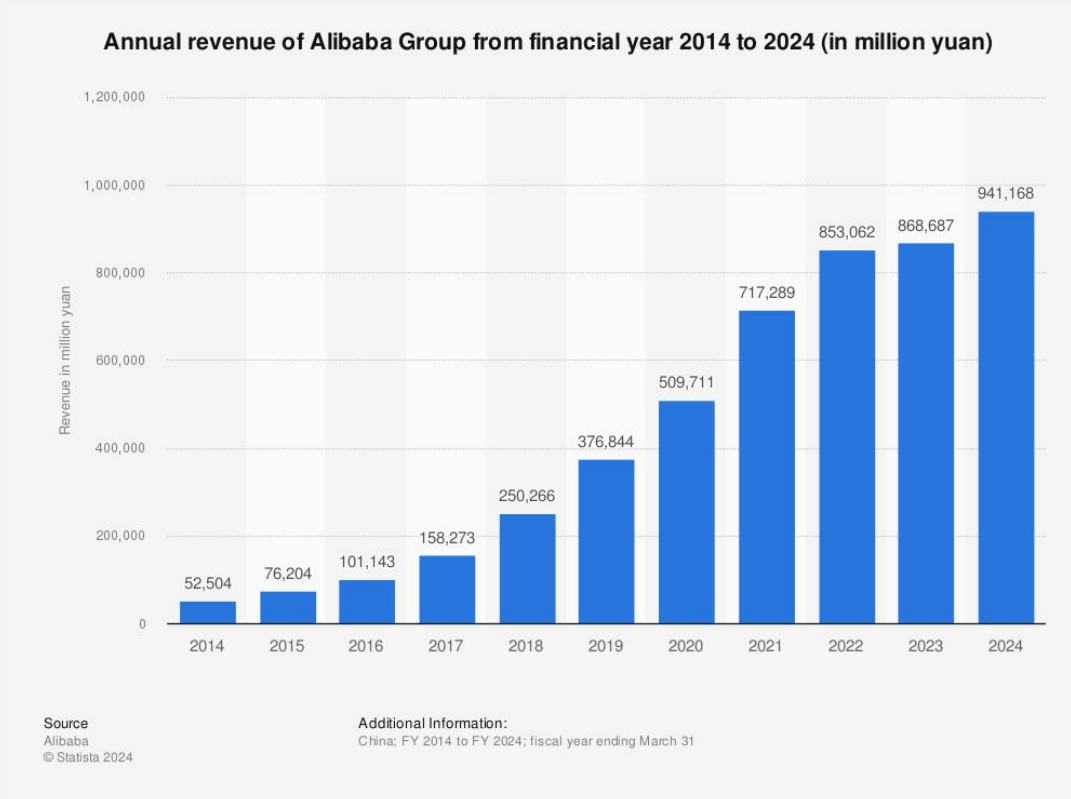
Alibabas Business Model



Alibaba Revenue Growth



Alibaba Revenue Growth



Alibaba SWOT Analysis

SWOT ANALYSIS OF



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Strength

- Income diversity
- Homeland honey
- Respectable brand

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Weakness

- Government connection:**
Since China is an authoritarian regime, with a moderate, but ever-going control of its economy, Alibaba depends on its good relations with the Communist Party in order to operate without legal problems.
- Weak presence:**
Although the company has a strong presence in emerging countries, it lacks representation in top world economies such as Europe and the United States.

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Opportunities

- Focus in the front yard:**
The Asian market presents an amazing opportunity for Alibaba to grow its businesses without too much expenditure. The amount of money and population that runs in its markets might be lucrative if explored the right way;
- Eastern opportunities:**
Alibaba could also focus on the population of the eastern European countries that have a sleeping potential, considering the combined population and its economies.

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Threats

- Toxic relationship:**
The unstable relationship with the Chinese government may cause disruption in the company proceedings, and generate legal complications for them;
- Strong competition:**
Alibaba's main competitors, notably Amazon and Tencent, have an aggressive mindset about business. Their relentless attitude does not allow a simple mistake by Alibaba, that needs to adopt a constant innovative instance to counter them.



Business Lessons

- The knowledge of the consumer behaviour gives you an unfair advantage over any big multinational corporate.
- Believe in your strategies emphasizing your customers.
- If you are a billion dollar company, then you will be the shark in the ocean, and you have to be extremely careful about the crocodile in the Yangtze river.
- Empathy and compassion can turn a commoner into a king.