POLITECNICO DI TORINO
Department of management and production engineering
Master of Science in Mechanical Engineering

MASTER FINAL PROJECT
“BIRTH, GROWTH AND PROSPECT OF THE E-COMMERCE IN CHINA”

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1. The E-Commerce

1.1 The Introduction of E-Commerce

E-commerce refers to all activities traded by electronic transaction on the Internet, Intranet and Value-added network. In the open network environment of the Internet, sellers and buyers take various commercial and trading activities according to client server application method, and can achieve online shopping without meeting each other; a new online transaction and online electronics between merchants payment business operation model, financial activities, transaction activities, and related comprehensive service activities.

1) 1) B2C (Business to Consumer)

B2C means company provide online shopping environment through the online stores to consumers.

2) B2B (Business to Business)

B2B is the business between enterprises through the Internet for exchanging products, services, and information.

3) C2C (Consumer to Consumer)

C2C is the trade between consumers and consumers with online transaction.

4) C2B (Consumer to Business)

The core of C2B is consumer-centric, and consumers are the masters. From our usual perspective as a consumer. C2B has characteristics: the price of products of the same model of the same manufacturer is the same regardless of the terminal channel. The product price structure is reasonable (rejecting huge profits); channel transparency (O2O model rejects cottage); transparent supply chain (brand sharing).

5) B2G (Business to Government)

B2G means business and government agencies which can website to exchange data and do business.

6) ABC (Agents Business Consumer)
The ABC model combines agents, consumers and merchants in an effective way. It uses the composite marketing model of “Online Shop + Service Store + Marketing Service System + Consumer Alliance” as a means to integrate network marketing, chain operation, traditional channels, services and consumer chains to guide customer needs. Information is centrally managed. It reflects the value of two or more parties in the process of providing one or more parties from one party to the other to achieve a multi-party win-win situation, thus establishing an interactive, three-dimensional, all-round unlimited circulation pipeline.

7) O2O (Online to Offline)

O2O is the combination of online business and offline business which the order made online and the transactions through offline.

1.2 The E-Commerce Evolution

Even though the Internet was established in 1991, the beginning of E-Commerce was the online sale of the first book by Amazon in 1995. However, its massive dependency on factors such as Internet usage, acceptance of the online shopping model, security threats, evolution of technology hardware and logistics, meant that the industry didn’t experience exponential growth immediately. Instead, E-Commerce evolved and transformed slowly over time. However, e-Commerce has evolved from just an idea to an industry that contributes majorly to the world economy.
2. E-commerce Development

2.1 E-commerce development stage

From the emergence and development of electronic technology to today, the development of global e-commerce has gone through a stage of development:

*Early 1990s-2000s*

Rapid development: After the 1990s, electronic communications companies had to abandon the era of re-service of electronic transportation technology. Internet-based e-commerce has been highly valued and has begun to develop rapidly. In 1994, the world's first online mall mall, the center immediately attracted 34 shopping centers. In 1995, in Swindon, England, Westminster National Bank, Midland Bank and BT began experimenting with the use of an electronic currency called Mondex for online payments. With the birth of Amazon online bookstore in 1995, e-commerce began to become a hot spot in e-commerce economic activities, a large amount of money into the e-commerce industry. E-commerce stocks and companies will move rapidly toward Amazon at this stage. In 2000, the world's e-commerce volume reached $354.9.

*2000-2003*

Mitigation of the rupture period: With the rapid development of the late 1990s, the problem of e-commerce began to emerge gradually. Anyone familiar with the stock market knows nasdaq, which is a successful example of the world's second-largest board market. In 2000, about 5,500 companies were listed on the NASDAQ market, including world-class high-end companies such as Microsoft, Dell, Yahoo and Amazon. Technology companies. On March 10, 2000, the Nasdaq hit a record high of 5,048.62,
then reversed course and continued to fall, hitting a record closing low of 1,875.44 on March 20.

A naked market crash is one of the dotcom bubbles. Online stocks such as Amazon and Yahoo must create "myths" that investors must sing at this time. Long-term rapid growth of enterprise size, production and production greatly exceeded the actual demand of the market, resulting in reduced inventory, reduced profits, more than 1/3 of the site had to be D.

**2003-present**

Stability period: At this stage, it is not only a large company and enterprise, there is a full adoption of e-commerce, but also large netizens must take the way of online shopping. The B2B model is growing rapidly, and many small media companies have a glass of wine. On this basis, the development of e-commerce environment is also constantly, supporting logistics and payment has been the first, e-commerce has become the world's colorful.

### 2.2 Global Retail E-commerce Spread

![Image of chart showing sales growth](image)

Retail was one of the first industries to be disrupted by the rise of the internet, and E-commerce became the driver of digital innovation for a decade. E-Commerce has evolved from just an idea to an industry that contributes majorly to the world economy.
Statista’s cumulative data predicts that global e-commerce sales will grow by $490,000 by 2020, from 246.15 percent to $130,000 to 246.15 percent. Online revenue suped almost tripled. The global e-commerce market will continue to grow in 2019. According to Statista, a statistical consultancy, global e-commerce sales will reach $3.535 million in 2019, up 16 percent from the previous year and $20,000 by 2019. The global retail inflow will continue to grow to 14.1 per cent. This is the following smart growth of e-commerce in the UK, with a growth rate of more than 15%.

Comparing the three major E-Commerce markets in the US, China, and Europe, China is the biggest market in 2018 and will remain a leader until 2023. In 2018, the Chinese market was worth USD 633.9 billion. Revenue is expected to grow at a compound annual growth rate1. It will reach 11.6% by 2023, with operating income of $ 1,0945 billion. In other words, the Chinese market is expected to show the largest growth rate among the three major regions. In the US market, 2018 generated $ 315.6 billion in revenue. Judging from a high CAGR of 12.4%, the market is expected to exceed revenue of $ 565.7 billion by 2023. The third largest e-commerce market in 2018 was Europe, with revenue of 314.9 billion. By 2023, revenue with an annual growth rate of
8.8% will reach $479.1 billion.

According to statistics, in 2017, the global 12 largest e-commerce markets are listed as charts. Taobao (Alibaba's C2C) 17%, Amazon 15%, Tmall (Alibaba's B2C 14%), JD 9% and eBay 4%. Five of the 12 countries belong to China, namely Alibaba, JD, Pinduoduo, VIP.com and Suning. Com, accounting for 43% of the total.
3. The E-commerce in China

3.1 The history stage of E-commerce in China

Development course 1: From 1999 to 2005, in the first stage, "survival of the fittest"

The core technologies at this stage are broadband networks, websites, and search engines. They are led by foreign countries. The new models of e-commerce enterprises have appeared. The concepts of each enterprise are different at that time. Various models One after another. Some established retail companies set up official websites, such as Wal-Mart, portal sites to do e-commerce, such as Amazon, Yahoo, Netease, eBay and other direct and platform e-commerce were just a model at the time.

Due to the lack of an online payment system, e-commerce at the time were in a brutal growth stage, and many e-commerce platforms were only available for offline transactions. However, since there were only tens of millions of netizens in that year, and 80% of netizens with college education or above accounted for, Trading disputes are actually rare.

The earliest to do e-commerce retail was 8848, and it was also the earliest 8848 to mention the concept of online and offline integration, which was an absolute advantage in that year. In 2000, according to CNNIC data, 8848 was the most visited website for Chinese industrial and commercial websites and had the most business traffic. However, 8848 died because of a series of strategic mistakes and disappeared in the long history in a few years.

One of the reasons is that the concept of 8848 is too advanced. In that year, the e-commerce customer acquisition cost was only 4 yuan / person, which was far lower than offline. The timing of online and offline integration was actually 16 years earlier than later development. Just not doing the right thing at the right time. Perhaps as Kintaro Hattori, the founder of Seiko Japan said, "The most important thing for
entrepreneurs is to be one step ahead of the people. If you go ten steps faster, your entrepreneurship is bound to fail."

Another reason is that they did not adhere to the correct strategy of their e-commerce retail and allocated resources for B2B, which ultimately fell short.

Development course two: 2005-2015, in the second stage, "the winner is king"

This is a phase driven by online payment technology and logistics information technology. At this stage, some innovative companies offering comprehensive e-commerce services have begun to rise, typically Taobao, JD and Suning, which are well-known e-commerce companies today. Taobao rose rapidly because it successfully developed Alipay, provided payment services and an online credit system.

JD was originally an offline company, but quickly transformed online. After getting financing, it developed an efficient logistics system to ensure the user experience and quickly grew into an e-commerce retail giant. Suning is also an offline electrical retailer. It began to transform e-commerce only in 2010. It also successfully completed the transformation by relying on a complete offline large-scale logistics system. Thanks to the outbreak of Internet users in those ten years, these innovative companies have achieved success. Those e-commerce companies that are slow to transition or lack sufficient innovation, such as Paipai, You, Fanke, etc., are quickly drowned in this tide of competition. Even the "Dangdang", which was very popular at that time, is not so loud now, it is declining quickly, and it is rarely remembered today.

Development course three: 2015-2019, in the third stage "latecomers come first"

Most of the mainstream e-commerce known to the public are mostly in the second stage. However, today's e-commerce landscape has undergone new changes, and their dominant position is facing serious challenges from the new format. The third stage is driven by technological innovations such as smartphones, mobile Internet, mobile payments, and QR codes. Due to the popularity of mobile apps, the threshold for access to the Internet has been reduced. The proportion of netizens with a college degree or above has dropped to less than 20%. With the development of algorithm push technology, the new generation of netizens no longer generates demand like the old generation of netizens and then searches on the e-commerce platform. They hope and push more easily. Young people are increasingly unwilling to use search engines. Data shows that search engine usage among young people aged 19-29 has dropped by 15%. Content e-commerce and social e-commerce have begun to take the stage of history. Today, products such as headlines, Douyin, and WeChat have begun to convert a large amount of entertainment and social traffic into shopping traffic.
3.2 China's e-commerce development characteristics

The trinity of e-commerce development:

First of all, e-commerce is an innovation-driven and innovation-led industry, with a high degree of instability and dynamics;

Second, the development of e-commerce needs to find the opportunity. Only when typical business models and key information technologies are in line with the status quo of Internet development can a case be created;

Third, the cross-border nature of e-commerce is integrated. As the boundaries of emerging formats become clear as online and offline merges. it is mapping the current shape of e-commerce company/platform to the daily business module.

3.3 The development of E-commerce in China

E-commerce has become a new engine of national economic growth. According to the China E-Commerce Forecast and Investment Strategic Planning Analysis Report released by the Prospective Industry Research Institute, the total value of e-commerce in China reached 10 trillion yuan in 2013, and the cumulative volume of e-commerce transactions in China exceeded 2 billion yuan in 2015. As of 2017, china's e-commerce transactions reached 29.16 trillion yuan, up 11.7% year-on-year. Among them, e-commerce transactions of goods and services amounted to 21.83 trillion yuan, up 24.0% YoY, while the output value of contract e-commerce was 7.33 trillion yuan, up 28.7% YoY. By the end of 2018, China's total e-commerce transactions exceeded 30 trillion yuan, up 3.163 billion yuan year-on-year, up 8.5% year-on-year.
3.4 The main marketplaces China

China is the dominant player in the e-commerce market, restructuring sales of many independent merchants. Traditional brick-and-mortar retailers that have successfully transformed in these markets do not have similar markets in China. Independent merchants account for only 10% of total e-retail sales.

About 90% of China's e-commerce is conducted on large e-commerce platforms in the virtual market. Individuals, retailers, and manufacturers provide products and services to consumers through online stores on large websites such as eBay or Amazon. These sites include PayPal, Taobao and Tmall owned by large e-commerce groups. A large and growing network of third-party service providers provides sellers with marketing and design services, payment implementation, delivery and logistics, customer service, and information technology support.

**Top 10 E-Commerce Retailers in China (2018) by % share of total e-commerce sales**

<table>
<thead>
<tr>
<th>Retailer</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alibaba</td>
<td>58.2%</td>
</tr>
<tr>
<td>JD.com</td>
<td>16.3%</td>
</tr>
<tr>
<td>Pinduoduo</td>
<td>5.2%</td>
</tr>
<tr>
<td>Suning</td>
<td>1.9%</td>
</tr>
<tr>
<td>Vip.com</td>
<td>1.8%</td>
</tr>
<tr>
<td>Gome</td>
<td>0.7%</td>
</tr>
<tr>
<td>Amazon China</td>
<td>0.7%</td>
</tr>
<tr>
<td>Yihaodian</td>
<td>0.7%</td>
</tr>
<tr>
<td>Dangdang</td>
<td>0.2%</td>
</tr>
<tr>
<td>Jumei</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Published on MarketingCharts.com in July 2018 | Data Source: eMarketer

*Based on percentage of total retail e-commerce sales* | *Excludes travel and event tickets, and also excludes Hong Kong*

In 2018, The Chinese market share of e-retail, Alibaba took the top position with 58.2%, JD's sales accounted for 16.3%, and the two companies together accounted for three-quarters of the total market share in China, occupying an absolute competitive advantage. Compared with the market scale of Taobao and Tmall, the second echelon enterprises still have a large gap. The rapid rise of Pinduoduo is more than 5.2%, the previous share is only 0.1%; Suning, Vipshop and Gome have a market share of 1.9%, 1.8% and 0.7%. With the rise of vertical areas such as cross-border, fresh, maternal and children, start-ups are highly competitive.
4. Alibaba Group

4.1 Business Overview

Alibaba Network Technology Co., Ltd. (Alibaba Group or Alibaba for short) was founded in 1999. 18 people led by former English teacher Ma Yun were established in Hangzhou, Zhejiang.

Alibaba Group operates many businesses. In addition, the Alibaba Group also receives support for economic habits from the business and services of its subsidiaries. Business and related company business include: Taobao, Tmall, Juhuasuan, AliExpress, Alibaba International Commodity Market, 1688, Ali Mom, Ali Cloud, Black Ant Financial Services, Cainiao Network, etc.

On September 19, 2014, Alibaba Group was officially listed on the New York Stock Exchange under the stock code "BABA". The chairman of the board is Jack Ma.

On July 19, 2018, in the "Fortune" global rankings, the world's top 500 children announced that the Alibaba Group ranked 300th. In December 2018, Alibaba was shortlisted in the 2018 Fortune Global 500.

4.1.1 Brand logo and meaning
E-commerce is important to have a name that is familiar to people all over the world. Because Alibaba founder Jack Ma feels that people all over the world know the story of "Alibaba" and most languages have similar pronunciations. As a result, the company has chosen Alibaba's name. Alibaba means "open the door with sesame", which means that our platform opens the door for small businesses to get rich.

4.2 Vision

Customer First: Focus on customer concerns, provide advice and information to customers, and help customers grow.  
Teamwork: sharing and sharing, accomplishing yourself with self  
Embrace change: Breakthrough and embrace change  
Integrity: Honest and trustworthy, keep promises  
Passion: never give up, optimistic  
Dedication: Do extraordinary things with a professional attitude and normal mindset

4.3 Alibaba’s success story

Till 2000 Company formation & capital raising

1999  
In September 1999, the 18 founders led by Jack Ma formally established Alibaba Group in an apartment in Hangzhou. The group's first website was Alibaba, a global wholesale trade market in English. In the same year, Alibaba Group launched the Chinese trading market (now known as "1688"), which focuses on domestic wholesale trade.

2000  
In January 2000, Alibaba Group raised US $ 20 million from a number of investment institutions, including SoftBank.  
In September 2000, Alibaba Group held the first Sword of the West Lake, gathered business and opinion leaders from the Internet community, and discussed important industry issues.

2000-2005 New services

2003  
Established Taobao which is a shopping website.
2004
In February 2004, Alibaba Group raised $82 million from a number of front-line investment institutions, becoming China's largest private equity financing at the time. In June 2004, Alibaba Group held the first online business conference and held the first ten online business awards ceremony. In July 2004, Taobao released Ali Wangwang, a PC version of the communication software, enabling buyers and sellers to communicate in text, voice and video in real time. In December 2004, Alipay, a third-party online payment platform of Alibaba Group's subsidiaries, was officially launched.

2005
On August 11, 2005, Alibaba and Yahoo announced that the two parties had signed a cooperation agreement. Alibaba acquired all the assets of Yahoo China and received a $1 billion investment from Yahoo. It also enjoys exclusive rights to use the Yahoo brand and technology in China; Yahoo has won Alibaba with 40% of economic benefits and 35% of voting rights. In October 2005, Alibaba Group took over China's Yahoo.

2006-2010 Strategic growth & new platforms

2006
In July 2006, Taobao University opened a course to provide e-commerce training and education for buyers and sellers. On October 30, 2006, Alibaba Group's strategic investment in the word-of-mouth network of the localized living community platform was completed.

2007
On January 9, 2007, Alibaba Group announced the formal establishment of Ali Software Company in Shanghai. In November 2007, Alibaba Network Limited was listed on the main board of the Stock Exchange of Hong Kong. In the same month, Alibaba Group set up an online advertising platform Ali Mom.

2008
A joint venture with SoftBank has formed a new company called Alibaba.com Japan, which in May connected Japan's SM with SME globally.

2009
On July 22, 2009, Alibaba Group announced the formal merger of Ali Software Co., D.C. and Ali Research Institute, formerly part of Alibaba Group, with the combined company named Ali Software.
On August 21, 2009, Alibaba Group announced that it had taken out China's Yahoo! and injected it into Taobao.

On September 10, 2009, Alibaba Group celebrated its 10th anniversary with the founding of Alibaba Cloud Computing. In the same month, Alibaba announced the acquisition of China Wannet, China's leading Internet infrastructure provider.

2010

In March 2010, Alibaba changed the name of its China trading market to "1688". In the same month, Taobao launched a group purchase site to gather cost-effective.

In April 2010, Alibaba officially launched Global Express, which allows Chinese exporters to engage and trade directly with global consumers.

In May 2010, Alibaba Group announced that it would allocate 0.3% of its annual revenue to an environmental fund to promote community attention to environmental issues and support conservation activities.

In July 2010, Alibaba Group launched a partnership system to preserve its mission, vision and values.

In August 2010, Alibaba acquired Vendio and Auctiva, two e-commerce solutions providers that serve small U.S. businesses. In the same month, the mobile Taobao client was launched.

In November 2010, Alibaba Group launched a partnership system to preserve its mission, vision and values.

In August 2010, Alibaba announced the acquisition of one-stop export service provider One Access in China.

On June 16, 2011, Alibaba Group announced that it would spin off Taobao into three companies, Taobao, Taobao and Taobao Mall.

2011-2015 International expansion & NYSE IPO

2012

On January 11, 2012, Taobao Mall was officially renamed Tmall. In the same month, Alibaba Group established the Alibaba Public Interest Foundation and allocated funds to support the Association's various public welfare activities.

On June 20, 2012, Alibaba Network Co., Ltd. (code 1688) delisted on the Hong Kong Stock Exchange and the privatization of Alibaba was completed.


In September 2012, Alibaba Group completed its first share buyback and restructured its relationship with Yahoo.

In January 2012, Taobao Mall announced a change in the name of Chinese Tmall to strengthen its platform.
2013
Launched a social network mobile client.

2014
In February 2014, Tmall International, an expanded version of Tmall International's platform, officially launched, allowing international brands to sell products directly to Chinese consumers.
In June 2014, Alibaba Group completed the acquisition of UC UTV, a mobile browser company, and consolidated the businesses of both parties. In the same month, Alibaba Group began to provide mobile virtual network operator services in China under the Ali Telecom brand. In the same month, Alibaba Group completed the acquisition of approximately 60% of the film and television program producer Culture China Communications (now known as "Alibaba Pictures Group").
In July 2014, Alibaba Group and Intime Group established a joint venture to develop O2O business in China. In the same month, Alibaba Group completed its investment in the digital map company Gaode.
On September 19, 2014, Alibaba Group was officially listed on the New York Stock Exchange under the stock code "BABA".
In October 2014, Ant Financial Services Group (formerly known as "Small and Micro Financial Services Group"), a subsidiary of Alibaba Group, was formally established.
In the same month, Taobao Travel Agency became an independent platform and renamed it "Go".

2015
Launched 1688.com in Brazil in August
Signed a Memorandum of Understanding (MoU) with Russian company Gazprombank, to stimulate B2B cross border exchanges in August
Partnered with UBM, an organizer of trade exhibitions, in December to unite the online and offline shopping experience
1688.com partnered with Australia Post in December to establish Australian Pavilion, a platform for Australian businesses to sell into China.
Launched a pilot program with PayPal in December for seven vendors, allowing them to offer PayPal as a payment option
Launched SMILE, an online platform for Indian SMEs in December

2016 Geographical expansion and partnerships

2016
On February 5, 2016, Alibaba Group disclosed in a regulatory document submitted to the US Securities and Exchange Commission (SEC) that it had purchased 32.972 million Class A ordinary shares of the US group buying company Groupon, which is roughly equivalent The latter accounted for 5.6% of the total shares outstanding.
On April 14, 2016, Alibaba Group joined the International Anti-Counterfeiting Coalition (IACC) and became the first e-commerce member of the international organization.

On April 18, 2016, Alibaba Group signed a strategic cooperation agreement with the New Zealand Trade Development Agency (NZTE), an agency designated by the New Zealand government.

In May 2016, Alibaba Group became the first batch of “Industrial Demonstration Bases” of the State Council.

On May 18, 2016, Alibaba Group announced that its “free fish” and “auction” businesses would “merge similar items”.

On June 8, 2016, the 2016 BrandZ Global Top 100 Most Valuable Brands List was announced, and Alibaba ranked 18th.

2017

In February 017, Brand Finance released the "2017 Global Top 500 Brands", and Alibaba ranked 23rd.

On February 4, 2017, the opening ceremony of Alibaba Group's Australia and New Zealand headquarters was held in New South Wales, Australia.


On August 3, 2017, the list of the "Top 100 Internet Companies in China" was released, and Alibaba ranked second.


On December 15, 2017, Alibaba confirmed its investment in Xiaopeng Automobile, a Chinese electric vehicle startup.

2018

On February 1, 2018, Alibaba announced its agreement to acquire a 33% stake in Ant Financial.

On February 11, 2018, Beijing actually Ranjia Investment Holding Group Co., Ltd. and Alibaba Group jointly announced the conclusion of a new retail strategic cooperation: Alibaba and related investment parties invested 5.453 billion yuan in Ranjia, holding 15% of its shares.

On April 20, 2018, Alibaba Group announced its wholly-owned acquisition of Zhongtian Microsystems Co., Ltd., an independent embedded CPU IP Core company in mainland China.

On May 3, 2018, Ali confirmed its wholly-owned acquisition of Beijing Xiansheng Internet Technology Co., Ltd.

On May 8, 2018, Pakistani e-commerce company Daraz announced that it was wholly-owned by Alibaba Group, marking an important step in the development of cross-border e-commerce between China and Pakistan.

On May 30, 2018, Cainiao Network and Zhongtong Express announced a strategic
investment agreement. Alibaba, Cainiao, etc. invested $1.38 billion in Zhongtong Express, holding about 10% of the shares. The two parties will jointly explore new logistics opportunities and promote digitalization of the industry upgrade.
On August 15, 2018, Kroger and Alibaba reached a cooperation to sell nuts, dietary supplements and other products in China.

2019
On January 8, 2019, Alibaba acquired Berlin Data Craftsman to develop data processing technology.
On January 14, 2019, Ali was awarded the "Future Retail Inventor" award at the annual National Retail Federation (NRF) annual exhibition.
In March 2019, NBA China and Alibaba jointly announced that the two parties will strengthen their strategic partnership and launch comprehensive cooperation in the areas of NBA video content and program dissemination, e-commerce and big data.
On March 11, 2019, Alibaba invested in Shentong Express with 4.66 billion yuan, further expanding its logistics coverage.
Alibaba was listed on the main board of the Hong Kong Stock Exchange on November 26, 2019.

4.4 Key business segments
Alibaba Group focuses on four areas: core commerce, digital media and entertainment, cloud computing and innovation initiatives.

Core e-commerce business

Digital media and entertainment business
It is an important layout of Ali's domestic digital economy consumption, including Ali Sports, Ali Music, Youku Tudou and other subsidiaries.

Cloud computing business
Ali Cloud Computing is primarily a business. Alibaba Cloud brings together technologies. This is Ali's fastest growing business in the past two years.

Innovation projects and technology development
New technology innovation subsidiaries such as Gaudreau Maps, Aaldin, Yunos are involved this project. Alibaba acquired a 33% stake in Ant Financial and announced in April 2018 that the wholly-owned acquisition was a further expansion of ele.me. Ali
The main business of the Alibaba digital economy includes:

**Alibaba International Market - The World's Leading Small Business E-Commerce Platform**

Founded in 1999, Alibaba International Trade Market (www.alibaba.com) is the world's leading e-commerce platform for small businesses. Enterprises to expand overseas markets. Alibaba's international market serves millions of buyers and suppliers in more than 240 countries and regions around the world, showcasing products from more than 40 industry categories. Alibaba International Trade Market is the business of Alibaba Group.

**Alibaba China Market - China's Leading Small Business Domestic Trade E-Commerce Platform**

Founded in 1999, Alibaba China Market (www.alibaba.cn) is a company of Alibaba Group. It is now China's leading small business e-commerce platform, promoting
domestic trade. Alibaba's goal in China's trade market is to provide more comprehensive e-commerce services for small and medium-sized enterprises engaged in domestic trade on the basis of the original inter-enterprise information release, order procurement and large-scale wholesale. Market. As of December 31, 2012, Alibaba China Market had 77.7 million registered small business users and 8.5 million corporate stores.

Tmall – China's leading B2C high-end brand product retail website
Tmall is China's leading B2C shopping website and is committed to providing a quality online shopping experience. Tmall was established by Taobao in April 2008. It was independent of Taobao's C2C trading market in June 2011 and is operated by itself. Since its launch, Tmall has become a destination for increasingly sophisticated Chinese consumers to buy premium brand products. According to Alexa statistics, Tmall is the most viewed B2C retail website in China.
As of March 2013, more than 70,000 international and local brands have opened official flagship stores on Tmall, including Uniqlo, L'Oreal, Adidas, Procter & Gamble, Unilever, Gap, Ray-Ban, Nike, Levis, etc. Vertical malls focusing on different industries such as "Electronic City", "Book City", "Home Improvement Museum", "Famous Shoes Museum" and "Beauty Museum" provide appropriate customer service for the characteristics of each industry. During the special promotion period on November 11, 2012, the single-day transaction volume of Tmall and Taobao hit a new high of 19.1 billion yuan. For the year ended March 31, 2013, the total transaction value of Taobao and Tmall platforms exceeded RMB 1 trillion.

AliExpress e-commerce platform
AliExpress is one of the world's leading consumer e-commerce platforms established in April 2010. AliExpress currently serves millions of registered buyers from more than 220 countries and regions, covering more than 20 major product categories, with the goal of providing unique products to consumers worldwide.

1688.com was established in 1999. It is China's leading comprehensive domestic
wholesale trade market. It aims to promote the development of domestic wholesale buyers and sellers.

Ali Moms (www.alimama.com) is the platform for Alibaba Group, founded in 2007. Alibaba's data technology leverages Alibaba and third-party media resources to realize Alibaba's core business and realize the value of its entertainment and business digital media.

Ali Cloud Computing Cloud Computing and Data Management Platform Developer
Founded in September 2009, Alibaba Cloud Computing aims to create a data-centric, advanced cloud computing service platform. Alibaba Cloud Computing is committed to providing a complete Internet computing service, including e-commerce data collection, rapid processing of massive e-commerce data, and customized e-commerce data services to help Alibaba Group and the entire e-commerce ecosystem.

Founded in 2013, the Cainiao network is committed to the Group's logistics vision: 24 hours a day, 72 hours a day. To achieve this vision, Cainiao Network works with logistics partners to establish and operate a global warehouse distribution network that provides one-stop logistics services and supply chain solutions at home and abroad to meet the needs of many logistics partners. Business and consumers. large-scale way. Logistics needs.

Ant Financial is a non-consolidated subsidiary of Alibaba Group. Alibaba Group is a technology company dedicated to providing inclusive financial services to consumers and small and micro-enterprises around the world. Ant Financial relies on continuous technological innovation and cooperation with financial institutions to operate digital
payment services and financial technology platform services while advancing globalization strategies.

4.5 Alibaba’s global presence

Alibaba Group is headquartered in Hangzhou, China. With offices in China. Alibaba also has offices in more than 10 countries around the world, with footprints in Italy, the US, UK, Australia, New Zealand, France, Germany, the Netherlands, Japan, India, and other countries.

Alibaba uses a localized website-building approach, which is easy to understand for different countries in their own language. This convenience and affinity organically integrates the national market. Alibaba has established four Internet sites: the English-language international website (http://www.alibaba.com) to provide professional services to businesses around the world. Chinese Simplified website (http://china.aliaba.com) serves the mainland Chinese market. The Global Heritage Chinese Website (http://chinese.Chinese.com) serves Chinese companies in Taiwan, Hong Kong, Southeast Asia and around the world. Korea website (http://kr.alibaba.com) serves Korean users. Japan (alibaba.co.jp) aims to boost Japanese exports and domestic sales in the Japanese market. Local market sites in Europe and South America are coming soon.

4.6 Financial highlight

Alibaba’s core business is divided into domestic retail, domestic wholesale, international retail, international wholesale, rookie network and customer service.
The main source of income is domestic retail from main business. The platform technology service fees, transaction commissions, advertising fees, security deposits and value-added services collected from brands and merchants generate the mainly income of core business.

Financial services and payment support are provided by Ant Financial Services. Infrastructure support for systems and technology are provided by Alibaba Cloud. Alibaba Mom provides data management platform and marketing service. Cainiao Network provides logistics services. Tmall, Taobao, Youku, Gaode, etc. provide travel, entertainment, comprehensive business and other services.

Alibaba has constructed a commercial operating system by laying out four main business areas.
Alibaba's revenue increased from 52.5 billion yuan in fiscal 2014 to 376.8 billion yuan in fiscal 2019, a compound growth rate of 48%. Net profit attributable to mothers increased from RMB23.1 billion in FY14 to RMB87.6 billion in FY2019, representing a compound growth rate of 31%.

In terms of industry, the core business is Alibaba's main source of revenue and profit, but revenue share is declining, from 95% in FY14 to 86% in FY19. This was mainly due to increased revenue in the other three major industries, particularly the cloud computing sector, which increased from 1% in fiscal 2014 to 7% in FY2019.
**BABA Stock**

Alibaba was listed on the New York Stock Exchange on September 20, 2014. After nearly two and a half hours of 10 rounds of inquiry, the opening price was 92.7 yuan, up 36.3 percent from the issue price of 68 yuan, closing at 93.89 yuan, the first day of listing up 38.07 percent. According to the closing price, Alibaba's market capitalization now stands at $231.4 billion, surpassing Facebook's $200.2 billion, making it the fourth-largest technology company by market capitalization after Apple and Google, and Microsoft. The world's second-largest internet company by market capitalization.

Alibaba was listed on the Hong Kong Stock Exchange under the stock code [9988.HK] on November 26, 2019. Alibaba plans to issue 500 million new shares at HK $ 176 per share and raise funds of HK $ 88 billion. Taking into account the over-subscription of 75 million shares, the maximum fundraising is about 101.2 billion Hong Kong dollars. Alibaba's shareholding structure will become 25.2% held by SoftBank, 8.8% held by directors and senior executives (6% by Jack Ma and 1.9% by Tsai Chongxin), and Altaba (formerly Yahoo) dropped below the 5% disclosure line.

![Alibaba Historical Annual Stock Price Data](chart.png)
According to Alibaba fourth quarter of fiscal year 2019, Alibaba Group's revenue reached 376.844 billion yuan, an increase of 51% year-on-year. After deducting interest and taxes Fourth-quarter profit before depreciation and amortization before tax was 25.17 billion yuan; both exceeded analyst expectations, which were 91.7 billion yuan and 22.9 billion yuan respectively. In terms of specific business areas, Alibaba is divided into four modules: core e-commerce, Alibaba Cloud, digital media and entertainment, innovation and other modules. Among them, as Alibaba's revenue as the main core e-commerce sector performed well. In fiscal 2019, core e-commerce revenue increased by 51% YoY, while core e-commerce revenue increased by 54% YoY. In another key e-commerce data, GMV data show that China's retail market traded a total of 5,727 million yuan in

### Annual Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (Millions of US $)</th>
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<tbody>
<tr>
<td>2019</td>
<td>$56,152</td>
</tr>
<tr>
<td>2018</td>
<td>$39,898</td>
</tr>
<tr>
<td>2017</td>
<td>$22,994</td>
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<tr>
<td>2016</td>
<td>$15,686</td>
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<tr>
<td>2015</td>
<td>$12,293</td>
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<tr>
<td>2014</td>
<td>$8,463</td>
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<td>2013</td>
<td>$5,553</td>
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<td>2012</td>
<td>$3,136</td>
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<td>2011</td>
<td>$1,777</td>
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<tr>
<td>2010</td>
<td>$978</td>
</tr>
</tbody>
</table>
fiscal 2019, up 19% year-on-year. On the profit side, adjusted EBITDA was RMB27,484 million, up 24% YoY.

By the end of March 2019, Taobao's Tmall Mobile had 721 million monthly active users, an increase of 104 million and 22 million, respectively, over the same period last year.

At the end of March, 654 million active consumers were active, an increase of 102 million over the same period last year. Tmall physical commodity transactions grew 31% in fiscal 2019 and 33% in the fourth quarter. Growth over the same period.

Alibaba said 77 percent of the new consumers that grew by more than 100 million in fiscal 2019 came from declining markets. According to the financial report, Taobao's accelerated penetration into the sinking market is an important engine for the rapid growth of Ali's core e-commerce business.

According to the financial report, as of March 2019, Cainiao Post accounted for more than 10% of Alibaba's retail platform in China. In addition, Cainiao serves more than 75% of AliExpress orders and more than 90% of Tmall international orders. For Ali Express, Tmall International, Tmall Overseas and other 750,000 customers to provide import and export services.

At present, Kai Xiaopost's diversified distribution and neighborhood services are going global, landing in Russia, Australia, Southeast Asia and other places.
4.7 Alibaba's profit model

1) The year-on-year growth rate of online marketing services has begun to slow down

In general, the cost of advertising is the main source of income, accounting for 66%. However, the year-on-year growth rate in the second quarter was only 29 per cent. It can be said that more and more users on mobile devices to buy products, this change on the impact of revenue is greater.

The business is divided into the following sections:

P4P marketing services (pay-per-performance) are also known as pay-per-performance, often referred to as "Taobao Express", i.e. pay-per-click. Buyers search for keywords, and the baby who sets the keyword will be displayed on the "Taobao". When the buyer clicks on the upgraded baby, it will be deducted. Deductions are less than or equal to your keyword bid. Similar to Baidu's bidding, you need to select keywords first! High bid baby will be shown first.

CPM display advertising: traditional hard broadcast, usually on the entire home page, sub-pages at all levels, in the form of banners, focus maps, text links, etc.; there are
brand advertising, diamond kiosks, super sellers, etc., suitable for higher promotional needs. Sellers typically charge thousands of impressions.

Taobao customer commission: This is a third-party alliance transfer project that provides Taobao and Tmall sellers with traffic and manpower other than Taobao Tmall to help promote the product. After the transaction, the seller pays a commission and pays based on the transaction.

Location display fee: The seller pays a location fee for a special period to purchase a cost-effective promotional location.

2) Transaction commission growth rate reached 114.1% year-on-year, less affected by mobile business

In addition to buying online marketing services, Cost-effective sellers at Tmall and Ju also pay transaction commissions. Commission sits as a percentage of the value of Alipay's completed transaction. This percentage varies by product type, between 0.3% and 0.5%. Products with low gross margins, such as consumer electronics, have lower commission rates, while products with higher gross margins, such as luxury goods, have higher commission rates.

In the second quarter of 2014, the commission business increased by 114.1% year-on-year, mainly due to the 80.7% year-on-year increase in Tmall platform transaction volume and the increase in football lottery commission income worldwide. Transaction commission income mainly comes from Tmall platform on PC and mobile. Although more and more users are buying products on mobile terminals, this change has less impact on the marketing of trading commission income.

3) Wangpu usage fee: It is mainly the monthly fee of Wangpu.

You may wonder when you see it. How do the three e-commerce platforms that we are familiar with Taobao, Tmall and Ju quietly make money from merchants? Obviously, although these three platforms are the same as e-commerce, they have different profit models. The C2C business, Taobao, mainly comes from the marketing expenses of the seller. In B2C business, Tmall mainly relies on transaction commission to collect money, which is cost-effective. The majority of this revenue comes from sellers’ display ad space costs. The figure below clearly shows how much Taobao and Tmall sellers spend on Ali’s different platforms, which is also Ali’s source of income.

4.8 Alibaba’s Business Model
Alibaba's concept of implementing an open platform model

The purpose of the open platform model is to provide opportunities and conditions for both parties to implement and complete transactions online. At the heart of its strategy is the large-scale gains from online trading platforms. The open platform model has the characteristics of building platform and realizing transaction.

When Alibaba was founded, Alibaba was unknown and few sellers on the open platform. For now, Alibaba needs to address the key issue of a shortage of sellers leading to a shortage of supply. In order to increase the number of sellers on the open platform, Taobao has adopted a free platform. This approach has attracted many sellers to become members of the open platform. With the rapid development of open platform transactions, Alibaba is considering increasing the effective demand for open platforms to improve the quality of transactions. Therefore, Alibaba divided the open platform into Taobao and Tmall, committed to establishing an open platform business model, and actively create a universal, universal, universal open platform.

Alibaba urged sellers to invest more in open platform advertising and branding, significantly increase the overall participation and purchasing power of open platforms, and significantly increase website traffic and open membership platforms. In the continuous development, Alibaba has formed a "soft and hard combination" of innovative business model. When Alibaba was first founded, Alibaba's business was unknown and few sellers on the open platform. At present, the key issue alibaba needs to solve is the seller. In order to increase the shortage of effective supply, Taobao has adopted a free platform approach, in the open platform to increase the number of sellers, attracting many sellers to become members of the open platform.

With the rapid development of open platform transactions, Alibaba is considering increasing the effective demand for open platforms to improve the quality of transactions. As a result, Alibaba has divided the open platform into Taobao and Tmall, is committed to building an open platform business model, and actively build an open platform with all content. Alibaba urged sellers to invest more in open platform advertising and branding, significantly increase the overall participation and purchasing power of open platforms, and significantly increase website traffic and open membership platforms. In the continuous development, Alibaba has formed a "soft and hard combination" of innovative business model.

When Alibaba's open platform business model is implemented, the construction cost of the open platform is low, and the successful implementation of the model can achieve a higher cost-effective. From the management characteristics of industrial value chain elements, the open platform model pays more attention to cash flow and information flow, but can not strictly control the management of product flow. The goal of open platform management is to focus more on the success of online shopping transactions.
Therefore, the open-platform business model has a free market nature. Since Alibaba's open platform is essentially a free market, it is easy to breed the problem of selling counterfeit products online.

4.9 Business Positioning

Alibaba assists customers in the supply chain, explores the complete customer demand chain, and forms service chain order arbitration covering network services, software services, virtual logistics, quasi-financial services, supervision, maintenance, and business. For example, Chinese suppliers Cheng Xintong, Ali Software, Ali PayPal, Ali Wangwang, etc. Alibaba's business positioning reflects the system's perspective on the customer demand chain, which Alibaba has implemented.

4.10 Target customer positioning

Targeting is at the heart of Alibaba's strategy. Alibaba has identified its business model as targeting its customers, including many small and medium-sized businesses. Alibaba's target customers were initially small and medium-sized manufacturers in China. Later, through the establishment of an international open platform, the target customers have developed into the global small and medium-sized enterprises buyers and sellers. At present, through the analysis of Alibaba's target customer structure, it can be seen that not only small and medium-sized enterprises are the main target customers, Alibaba has also adopted a number of gentle methods to make more realistic consumers become loyal customers, to promote demand to stimulate supply.

The actual demand is the driving force for the development of the supplier, which can ensure that the supplier has a broad market demand. Since the advent of e-commerce, the road to the economic world shown to SMEs has become relatively flat. With the help of e-commerce, large companies will no longer be able to achieve channel monopoly and information monopoly. E-commerce platforms have collected more information, technology and capital flows. The way SMEs have access to information, technology and capital flows has changed. Make it easier. So that small and medium enterprises have greater development opportunities and motivation, and have greater growth space.

Alibaba's target customers are concentrated on SMEs, mainly to solve the dilemma of SMEs on Alibaba's online merchant platform, so that the sales of Chinese SME products supported by Alibaba's online merchant platform can be easily carried out abroad and in the company Globalization was successfully completed with support. purchase. Open platform establishes an international platform to encourage SMEs around the world to
open up platforms for global trade. In the process of cultivating SME customers and consumer customers, Alibaba has enabled the company to continue to grow and grow. This is Alibaba's business model that surpasses other Internet companies. The value of business models and traditional business models.

4.11 Technical support

Compared with the general industry, the environment facing the e-commerce industry is more turbulent. In a rapidly changing external environment, e-commerce companies must continue to innovate technologies in order to adapt business models and promote sustainable development.

Attracted by the booming global Internet economy, Alibaba was initially in the form of B2B e-commerce. When China's computer technology and communication technology fell behind, Alibaba introduced advanced computer and communication technologies, such as servers and operating systems, to support e-commerce in developed countries. According to the technical advantages and related experience formed by the B2B model, Alibaba has developed into a C2C model. In 2003, Alibaba established Taobao and adopted the C2C model, but found that the C2C model has "communication and trust" problems in the communication between people. To solve this problem, Taobao set up Alipay as soon as possible, launched Alipay and Ali Wangwang, successfully removing the obstacles of "communication and trust". The solution to this problem enables Alibaba to quickly master important technologies, such as SOA technology platforms and cache technologies. In 2008, Alibaba had a certain technological foundation, a relatively complete innovation system and a large number of cutting-edge technologies. Due to the relatively mature technology at the time and the problem of domestic counterfeit goods, Alibaba established the Tmall B2C business module in 2008. With the support of appropriate localization technology transformation and R & D team, Alibaba has realized the coexistence process. Three main models for introducing e-commerce technology to B2B and B2C from abroad.

4.12 Strategies

1) Grasp the commanding heights of the industry and form a strong barrier to entry

- Scale economic barriers: The number of registered members and the number of visitors to the B2B e-commerce platform need to reach a certain scale to accumulate in order to obtain sustained profit. Any potential intruder who meets this business scale will need many years.
- Network effect barriers:
The network effect refers to a corresponding increase in the network value corresponding to rise a number of registered members in network platform. A successful B2B e-commerce platform must have enough registered members to fully reflect its value. New industry entrants will encounter difficult development periods before they can effectively establish network effects, and may be forced to gradually withdraw from the market. As a e-commerce company that has been operating for more than a decade, Alibaba's first-mover advantage has become quite obvious, and other companies are hard to compete.

- brand barriers:
With the growth of the Internet, Alibaba has more than ten years of development experience and operational experience. After the low tide of the development of the loss network, Alibaba has successfully entered the current rapid development period. Alibaba understood that the development of technology application of the Internet requires a deep understanding of user needs. It gained a high reputation and trust among the growing users. It has a strong brand appeal.

- Technical barriers:
The construction and operation of e-commerce platform are necessary to be based on Internet information technology. To achieve sustained and stable development, enterprises need long-term technical accumulation. Although the Internet information technology industry is more commonly used in general-purpose technology, the biggest obstacle for new entrants in the industry is the inability to accurately meet the final needs of different users with appropriate technology and reasonable expression of business logic development.

- Custom barriers:
Preventing entry refers to the incumbent enterprises for consolidating their position in the market and take various countermeasures to prevent and prevent the entry of new enterprises. There are objective barriers to entry in the e-commerce platform industry. The existence of these obstacles has exposed new entrants to a very difficult industry environment. And there are industry hegemonies like Alibaba, it is difficult to challenge Alibaba's hegemony in the short term.

2) Dominance due to massive supplier base

Alibaba’s meteoric rise in the B2B segment can be mainly attributed to its massive supplier base consisting of Chinese and global vendors. Alibaba acts as a gateway linking China’s huge low-cost manufacturing capacity to the massive demand in both domestic and international markets.
However, in early 2015 Alibaba’s B2B e-Commerce site 1688.com announced plans to launch a new service that was essentially an inverse of Alibaba.com. It decided to partner with foreign suppliers to import goods into the Chinese market for the first time in an effort to become the largest sourcing platform for imports in the world. This new initiative initially offered brands from Spain. Suppliers from Portugal, Italy and South Korea were added in the subsequent months. 1688.com now features hundreds of international brands such as Loctite, Teroson, Bonderite, Technomelt, 3M and Aquence, selling in various categories including wine, cookies, masque, cream, puffed food, diapers, beer, cheese, infant formula and milk powder. According to China Internet Watch.

3) O2O – an integral part of Alibaba’s omnichannel strategy

Alibaba's omnichannel strategy is its O2O model, which aims to connect its online business with offline companies. Alibaba took advantage of Suning's strong strength. Alibaba's founder and executive chairman, said the transaction heralded the creation of a "new business model that fully integrates online and offline." Hou Enlong, chief operating officer of Suning, said the two companies will invest in logistics and after-sales services to further integrate online and offline channels. Similarly, in December 2015, Alibaba's Alibaba.com and 1688.com which are B2B has established a strategic partnership with UBM, a global event-led marketing services and communications company, designed to provide O2O industry solutions that connect online B2B and conduct face-to-face transactions. The jointly developed "O2O2O solution" was launched at the SIGN and LED CHINA events in September 2016, integrating online and offline transactions.

4) Financing services complement B2B e-Commerce business

In another move to bolster its B2B e-Commerce business, Alibaba partnered with two UK based fintech companies, Iwoca and Ezbob. This was mainly to aid SME British companies get access to finance in order to meet the frequent demands of heavy upfront payments by Asian suppliers. Shortly before this alliance, the company had also teamed up with U.S. peer-to-peer lender Lending Club, to provide small business customers in the U.S loans. Alibaba would forge similar partnerships with non-traditional lenders in other countries across Europe. In January 2016, Alibaba announced global partnerships with over 25 banks and credit rating agencies not only to increase its cross-border trade financing network but also to establish a new credit reporting service called ‘credit.alibaba.com’, which rates Chinese suppliers who are a part of Alibaba’s B2B ecosystem.

5) Integration strategy

Alibaba adopts a vertically integrated development strategy, which uses B2B business as an entry point, including Tmall and Taobao (trading platform), Aliwangwang (online
communication), Alipay (trading platform), and Alimama (promotion). The platform, Alibaba Cloud Computing (Data Platform) and the newly added Cainiao Logistics (Fourth Logistics) cover all aspects of e-commerce business processes.

6) Differentiation strategy
- Product differentiation: The needs of each network customer are different.
- Service differentiation: Service differentiation is mainly reflected in information feedback and information processing in the process of communicating with customers and other partners.
- Channel differentiation: First, companies that provide information about products and services on their web pages can use the Internet as a communication channel. Second, companies can conduct online transactions over the Internet and expand distribution channels. Establish a direct dialogue platform with customers via the Internet. Understand the characteristics of existing customers and potential customers, forming a new type of customer relationship based on electronic information exchange.
- Brand differentiation: Brand differentiation on the Internet is based on the company's ability to create and maintain a customer experience that is different from others.

7) Diversification Strategy
Alibaba has continued to expand its business scope since Yahoo China was acquired by Alibaba through mergers and acquisitions to achieve its diversified development strategy. The investment objects of M&A transactions are divided as: The first category is related to diversified mergers and acquisitions such as China Yahoo, China Wanwang, Koubei.com and Hang Seng Electronics. The second category is mergers and acquisitions of non-related diversified businesses, such as Youmeng, Gaode Map, Cool Disk, Youku, Momo and Sina Weibo.

8) New retail strategy
From a strategic perspective, Ali's new retail investment logic is built around two main lines: In the inventory space, around the existing business of offensive and defensive warfare, the industry pattern will be rewritten: around the five trillion-level market of clothing, daily necessities, fresh, catering, and home.
In the incremental space, expand the growth of the pole of the battle, compete for the world leader position: advance the rural e-commerce, international e-commerce and offline retail three growth poles.
5 JD

5.1 Business Overview of JD

JD is China's largest proprietary e-commerce company, with a market share of 46.5% in 2013. JD provides consumers with a pleasant online shopping experience. JD offers a wide range of products and services at competitive prices and quickly and reliably through its rich, user-friendly website (www.JD) and mobile clients. . . JD. JD also offers a range of value-added services such as online sales platforms and logistics for third-party sellers.

JD officially entered the field of e-commerce in 2004. In 2016, Jingdong Group's market turnover reached RMB 939.2 billion. In terms of revenue, JD.com is China's largest Internet company. In July 2017, JD.com was again shortlisted in the Fortune Global 500, ranking 261th, becoming the highest ranked Chinese Internet company, second only to Amazon and Alphabet, ranking second in the world, and third among Internet companies.

In May 2014, JD.com was officially listed on the NASDAQ Stock Exchange in the United States. This is China's first large-scale integrated e-commerce platform successfully listed in the United States. In July 2015, JD.com was included in the NASDAQ 100 Index and the NASDAQ 100 Average Weighted Index for its high growth.

5.2 Brand logo

JD switched the 360buy domain name to JD in March 2013. The official name of “JD” has been shorted to “JD”. The original “360buy” with blue as the main tone has been updated into a metal dog named “Joy”, which has become the official new logo of JD. And mascots.

JD's values: customer first, enthusiasm, learning, teamwork spirit and pursuit of transcendence
Passion: active, active, hard-working, inspiring

Learning: Humility, learning, progress, brain use

Teamwork: cooperation, integrity, consistent pace

Pursuit of Transcendence: Innovation, Competition

5.3 Key business segments

JD is the largest 3C online shopping professional platform in China's B2C market and one of the most popular and influential e-commerce sites in China.

JD Finance
As a sub-brand of JD Digital Technology, JD Finance includes personal finance, corporate finance and fintech, and is committed to providing individuals and businesses with reliable and inclusive digital financial services, helping financial institutions to improve business efficiency, costs, increase revenue and interact with finance institutions work together to better serve individual and business users.

Jing Dongyun
After the launch of each Cloud Ecology chain product, JD Cloud Market is a platform for software trading and delivery. As an online software platform, the cloud market can provide comprehensive service supervision and a comprehensive after-sales system to protect user interests and provide businesses with more products, brands, solutions and sales resources.

In recent years, with the maturity of JD Cloud IAAS infrastructure resources technology
and the explosive growth of the market, ISVs entering the cloud market can enjoy the advantages of economies of scale and ease of deployment, and at the same time can take advantage of the standardized transaction process and rich customers of the cloud market platform Resources. Save energy, focus on product categories and technological innovations, then open up new business models and larger markets.

Currently, excellent independent software vendors (ISVs) entering the cloud market provide software applications and services around cloud computing products, including basic software, website construction, enterprise software, data and APIs, operation and maintenance services in six major markets As well as cloud security and provide consulting and enterprise solutions. Plan, the number of products is abundant.

**JIMI robot**

JIMI is an artificial intelligence system developed by JD. It enables 24/7 and unlimited user service through natural language processing, deep neural networks, machine learning, user portraits, and other technologies.

**JD Real Estate**

On October 22, 2018, I loved my family and officially signed a strategic cooperation agreement with JD Real Estate. These play the respective resources and channel advantages, and strive to promote data sharing such as second-hand housing, renting houses, and long-term rental apartments, and strive to solve industrial problems such as untrue information and complicated processes in real estate transactions. JD Real Estate also announced the official launch of second-hand housing business on the same day. I loved my family and became one of the first important partners of JD second-hand housing business.

**JD Agriculture and Animal Husbandry**
At the 2018 JD Digital Technology Global Explorer Conference held on November 20, 2018, JD announced that JD Financial Brand was upgraded to JD Digital Technology, and its sub-brand JD Agriculture and Animal Husbandry officially unveiled and established JD Agricultural Research Institute, which will use artificial intelligence. Technology promotes the upgrading of the pig industry. JD Agriculture and Animal Husbandry also cooperated with China Agricultural University, China Academy of Agricultural Sciences and other institutions to independently develop and launch JD intelligent breeding solutions, and cooperated with China Agricultural University to build Fengning Intelligent Pig Farm demonstration sites.

JD House
JD House is an offline store for the JD 3C business unit. It mainly sells JD 3C products. It sells JD mainly online and offline for the same price. You can buy offline products at online prices. Sell electronic equipment offline. On November 11, 2016, the first Jingdong building was completed in Changsha Pinghetang.

JD store
Most of JD stores are opened in the second level business districts in the city. It is kind of retail experience stores.

JD convenience store
JD Convenience Store is not a convenience store in the traditional sense, but an innovative intelligent store in the offline version of JD. It is an innovative smart store created by the JD New Channel Division adhering to JD's unbounded retail concept. In addition to providing high-quality goods, JD It will also export brands, models and management.
5.4 JD’s success story

Start-up period (1998-2006)

1998
On June 18, 1998, Mr. Liu Qiangdong opened in Zhongguancun and established Jingdong Company.

2004
In January 2004, JD officially launched a new domain name in the field of e-commerce.

2005
In November 2005, JD's daily order processing volume steadily exceeded 500.

2006
JD announced its entry into Shanghai in January 2006 and established a wholly owned subsidiary in Shanghai.
In June 2006, JD's first enterprise opened, and JD's first professional blog system with the main goal of the product was officially opened.
In June 2006, JD participated in the "Online Banking Cup" co-sponsored by third-party electronic payment company Online and China Computer News.
In the 2006 Super Internet Business Choice, it was awarded the title of "Most Popular IT Product Internet Business".

Growth period (2007-2012)

2007
In May 2007, JD's wholly-owned subsidiary was established to expand the South China market.
In June 2007, JD processed more than 3,000 orders.
After successful modification, in June 2007, JD officially changed its name to JD, in the domestic B2C market look new.
In June 2007, JD officially launched a new domain name and successfully revised it.
In July 2007, JD built a logistics system in Beijing, Shanghai and Guangzhou, with a total logistics area of more than 50,000 square meters.
In August 2007, JD won the favor of the world's leading venture capital fund, Today's Capital, with a $10 million capital raising.
In October 2007, JD launched mobile POS on-site credit card services in Beijing, Shanghai and Guangzhou, creating a pioneer in China's e-commerce.

2008
In June 2008, JD participated in the sale of flat-screen TVs, and in June, it expanded its
product line of home appliances such as air conditioners, ice makers and television sets. This marks the company's 10th anniversary of the completion of the comprehensive construction of 3C products, become a veritable 3C online shopping platform.

2009
In January 2009, JD received $21m from Today's Capital, Bull Capital and a private company owned by Liang Zhenying, a leading Asian investment banker. It is also the first time since the financial crisis began in 2008 that Chinese e-commerce companies have received financing.
In February 2009, JD attempted to sell featured on-site services, becoming another major breakthrough in B2C value-added services and product diversification.
In March 2009, JD's monthly sales exceeded 200 million yuan.
In June 2009, JD's monthly sales exceeded 300 million yuan, the same as the full-year sales in 2007. At the same time, daily order processing capacity of more than 20,000.

2010
In March 2010, JD acquired Qixun, an e-commerce site owned by SK Group of Korea.
In May 2011, it restarted and began operations.
In June 2010, JD launched a door-to-door pickup service in the country, completely solving the problem of online shopping after-sales.
In August 2010, JD officially launched its home appliance trade-in business in Beijing, and JD became the first e-commerce company to win the bid for home appliances.
In November 2010, book products went on sale, moving from a 3C online retailer to an integrated online retailer.
On December 23, 2010, JD's group purchase channel was officially launched. JD registered users can directly participate in group purchase.

2011
In February 2011, iPhone and Android customers of JD successively launched, thus launching a mobile Internet strategy.
In February 2011, Jingdong Mall launched a package tracking (GIS) system.
In March 2011, JD obtained ACER Acer authorized computer products for after-sales service. At the same time, the release of the "heart service system", for the e-commerce industry to create a new overall service standards.
On April 1, 2011, Liu Qiangdong announced the completion of C2 financing. Six funds, including Russia's DST, Tiger Fund and some prominent investors, raised $1.5 billion, of which $1.1 billion has already been received.

2012
In February 2012, the hotel reservation service at JD was launched.
In February 2012, Jingdong Mall Group officially launched the e-book business, and
the sales platform and smart phone / PC reading client software started at the same time. JD's open service JOS (jos.360buy) was launched in May 2012, marking the full opening of JD's system. 

In October 2012, JD launched an English-language website to explore the Western market. In October 2012, JD completed its sixth round of financing, with $300 million, instead of the legendary $400 million. The funding was led by the Ontario Teachers' Pension Fund, followed by JD's third-round investor Tiger Fund, which invested $250 million and $50 million, respectively.

**Maturity (2013-present)**

**2013**

On March 30, 2013, JD entered the mall, renamed it JD, and changed its logo. Enable the JD domain and switch the 360Buy domain name to JD. In addition, the official name of "JD" will be reduced to "JD". On December 26, 2013, JD Group officially obtained a virtual business license.

**2014**

- On January 9, 2014, JD teamed up with dozens of trend brands to hold the 2014 Spring/Summer Fashion New Product Launch Conference with the theme of “Shang JD”. At the same time, JD announced that it would be with Nine West, Samsonite, and Fees. Lei, ENZO, EVISU, JEFEN, Clarks, UGG, Adidas, Disney, Luk Fook Jewelry, 11 international high-end brands reached a deep strategic cooperation, and all 11 major brands entered the JD open platform.

**2015**

- On the evening of January 9, 2015, Tencent, JD and Yiche.com and reached a final agreement. JD and Tencent invested approximately US$1.3 billion in the form of cash and exclusive resources. At the same time, Yixin Capital, a subsidiary of Easy Car, which focuses on the automotive finance Internet platform, will receive US$250 million investment from JD and Tencent.
- On August 7, 2015, JD established a strategic partnership with Yonghui Supermarket to build a strategic cooperation model of mutual priority and mutual benefit in procurement, O2O, finance, and information technology.
- On October 10, 2015, JD Group issued a notice stating that due to the current difficulty in supervising the C2C (Personal to Consumer) model, it is impossible to put an end to counterfeit goods, and it is decided to stop providing its C2C mode by December 31. E-commerce platform services and completely shut down after a three-month transition
2016
On April 15, 2016, JD announced an agreement with crowdsourced logistics platform "Dada" to merge o2O subsidiary "JD". JD will use JD's local business, JD's business resources and $200 million in cash to acquire about 47.4 percent of the new company, making it the company's largest shareholder.
In November 2016, JD Group announced the formal establishment of the JD Y business unit. Division Y will focus on building intelligent supply chain capabilities. Its core task is to use artificial intelligence technology to drive retail innovation.
On November 23, 2016, JD Group launched the new brand logo of "JD" and officially announced that JD Logistics will be fully open to the public through brand operations. JD also announced a comprehensive "Open and Smart" strategic plan and hopes to use it to become a provider of business infrastructure throughout China.
On September 27, 2016, JD reached a comprehensive strategic partnership with today to launch the Kyoto Protocol. Under the plan, today's headlines will be directed to JD's e-commerce services on the reading site.

2017
JD announced on April 25, 2017 that JD will jointly create the ultimate customer experience to better export JD's professional capabilities to the whole society, helping upstream and downstream partners in the industrial chain to reduce supply chain costs and improve circulation efficiency. JD Logistics Group will be formally established. JD Logistics Sub-Group will have more independent management and decision-making rights, committed to the coordinated development of businesses and social logistics companies, to build intelligent supply chain value chain. Technological innovation has finally become one of the most important supply chains.
JD released the "second-hand brand" brand on December 21, 2017.

2018
› In April 2018, JD invested 537 million yuan in shares of Allianz P&C China.
› On April 27, 2018, iQiyi and JD officially reached an exclusive strategic cooperation in online entertainment and e-commerce website membership rights. After the cooperation is reached, the user becomes a member of iQiyi or JD's platform year card, and only needs to complete the equity collection and activation to obtain the corresponding cooperation platform member rights.
› On May 11, 2018, Vipshop will announce that Vipshop International and JD Global Global have entered into cooperation in the supply chain and procurement.
› On July 24, 2018, the Banking Regulatory Commission approved the capital increase plan of Allianz Property Insurance (China) Co., Ltd., and the registered capital increased from 805 million yuan to 1.61 billion yuan.
› On August 9, 2018, JD and Zhejiang Zhenyuan signed the "Framework Agreement
for Zhenyuan and JD Strategic Cooperation". The two parties will establish a new joint venture company to carry out strategic cooperation in the fields of pharmaceutical logistics, supply chain, business flow and related fields.

› On August 13, 2018, JD and Intel announced the deepening of strategic cooperation.
› On October 1st, 2018, the JD Fashion Life Experience Store, which was jointly built by JD and Red Bean, landed at Wuxi Huiju Shopping Center.
› On November 15, 2018, the Northwest Regional Administration of China Civil Aviation issued the "Civil Unmanned Aircraft Operation Permit" to Xi'an JD Tianhong Technology Co., Ltd. under the JD Group, and clearly incorporated the "logistics distribution (limited to pilot enterprises)" business. Business management projects. Xi'an JD Tianhong Technology has become the first company in the world to obtain a provincial-level logistics license for terminal logistics.

2019

› In 2019, JD 2.7 billion acquired 100% equity of Beijing Jade Palace Hotel. The Jade Palace Hotel was established in 1987 with a registered capital of 480 million yuan. Beijing Jade Palace Hotel landed on the Beijing Equity Exchange.
› On March 28, 2019, JD released the iSRM intelligent procurement management platform, which proposed solutions for industrial manufacturing, such as long tail products, large number of suppliers, and difficult supply chain management.

5.5 Financial highlight

The fourth quarter 2018 financial report shows that JD's net profit for the fourth quarter of 2018 was RMB134.8 billion, up 22.4% YoY. Growth is still slowly falling, but has exceeded 100 billion yuan for five consecutive quarters. Full-year net profit for 2018 was RMB462 billion, up 27.5% YoY. That was a good result, first of all exceeding the consensus expectations of Wall Street analysts. Second, China's total retail sales and online consumption growth continued to decline throughout the year. Meanwhile, JD has achieved steady growth as China's largest e-commerce platform in the race dingy rival Ali map.

JD's total merchandise transactions for the year were nearly 1.7 trillion yuan, up 30 percent from a year earlier, the company said. In the fourth quarter, the country's total merchandise transactions amounted to 514.4 billion yuan, an increase of 403.4 billion yuan, or 27.5%, over the same period last year.
In 2018, JD’s service revenue reached 45.9 billion yuan, up 50.5 percent year-on-year. In the fourth quarter alone, self-employed income was RMB120.2 billion, up 20.0% YoY, while service revenue was RMB14.6 billion, up 45.7% YoY. The share of service revenue continued to rise, reaching 10.8% in the fourth quarter of 2018. In the past eight quarters, service revenue has grown faster than merchandise sales, indicating that JD is actively expanding the number of third-party sellers and has spared no effort to "enjoy" more services.

In the last four quarters, growth in service revenue has caused merchandise sales to lag far behind. In the first quarter of 2018, the year-on-year growth rates of Jingdong’s two types of revenue were 60% and 31%, respectively, a record high. In 2018, the growth rate of service income also began to decline significantly. The year-on-year growth rate
in the fourth quarter was 14 percentage points lower than the first quarter.

5.6 Value chain integration

JD is first domestic successful e-commerce firm in China to implement a value chain integration model. Since 2009, the stress change process of JD's business model has been mainly manifested in the following: JD has expanded its 3C products to the full product variety. It has self-operated all of its previous products to establish a third-party platform. 3C to full product variety, to meet consumer demand for product variety, reducing consumer shopping time and costs.

JD’s information flow management can serve product flow management, while the public business intelligence established can be used by departments and individuals. Based on this model, JD transforms resource advantages into differentiated competitive advantages, winning the firm support of suppliers and consumers, and becoming an e-commerce company that provides new value to suppliers and customers.

If the JD value chain integration model can achieve high-quality integrated management, then an efficient value chain integration model can reduce the links and costs of the supply chain, generate more value, and help the manufacturing industry improve information level. JD is an advanced enterprise in China's domestic value chain integration model. It can strive for greater value space for suppliers and...
consumers, and enable JD value chain integration model suppliers and consumers to share more value. The development of JD's value chain integration model is ideal, but in reality there is a problem of how to achieve the overall optimal value chain.

5.7 Business positioning

In the early stages of entering the market, JD starts at 3C. In October 2018, daily necessities were added to the needs of users. JD has become China's largest professional 3C online shopping platform. In order to increase the attractiveness of corporate positioning, JD has developed value positioning, i.e. product positioning, price and service positioning. JD adheres to a pure e-commerce model, constantly reducing the number of intermediate links, and shifting from consumers to competitors. JD seizes the product, price, service three core elements, as soon as possible to provide customers with quality products, low prices and satisfactory service. JD's value proposition for its business model has prompted JD to improve the quality of its products and services and reduce prices. In fact, however, JD tends to lower the price of its products too much, sparking a price war.

5.8 Target customer positioning

Jingdong's target customers are the main consumers of 3C products. Jingdong has accumulated many stable shopping members, including civil servants, college students, white-collar workers and other people with higher income.

It can be seen that JD and Alibaba both have clear business positioning and unique business positioning. JD is located in 3C, Alibaba's business is located in the complete customer demand chain, and the corresponding business has developed accordingly. JD has the problem of excessive price reduction. JD and Alibaba have very different target customers. JD 's target customers are customers with a higher level of income knowledge, while Alibaba's target customers are SMEs. Although JD and Alibaba have different target customers, they are both working hard to provide the required services to the target customers.

5.9 Technical support

E-commerce is essentially the establishment of an online trading platform to promote the transaction of goods on both sides of the transaction. E-commerce commodity
transactions are divided into front-end and back-end. On the front end of commodity transactions, the online shopping process is mainly carried out. Cloud computing technology is mainly used in the commodity transaction background.

In the online shopping process, it is a key issue to achieve effective matching between products and users. In 2011, JD's online shopping process patent applications were single digits, reaching nearly 100 in 2013 and 500 in 2015. Order receiving, warehouse logistics system operation, etc. must use cloud computing technology to realize the processing of job flow and effective connection of work links. Since 6.18 and Double 11 are national online shopping carnivals, the traffic of the trading platform visits shows a huge change in the distribution of time. The processing capacity of peak traffic is an important indicator for testing the computing power of the platform. JD's cloud computing technology can handle distributed and parallel processing to coordinate load balancing among multiple servers. For the important technology of cloud computing, the statistics of JD's patent applications in 2011-2015 show that JD's patent applications in 2011-2012 were 0, while the number of patent applications in 2013-2015 increased rapidly, exceeding 400 in 2015. In 2013, JD formed a technology system with “JD Zeus” and “JD Cloud Engine” as its core, forming a cloud computing service chain. When a large amount of scientific and technological investment becomes research and development results, JD can submit a patent application as soon as possible, protect its own research and development results, and form independent intellectual property rights. As customers' demands for products are more diversified and demand is increasing, traditional logistics technologies cannot effectively handle diversified and large-scale products. Radio frequency identification (RFID) technology has thus been generated and applied in JD Logistics, greatly improving JD Logistics System efficiency and processing level.

5.10 Strategies

1) Cost leadership strategy
With the leading low-cost strategy through technology platform integration, JD achieved scale expansion; enhance customer service experience by enhancing service awareness, and maximize customer service experience, thereby increasing customer repeat purchase rates. JD 3C products can always maintain low prices, because of the direct cooperation with 3C manufacturers, it eliminated many of the links; 3C product prices change very quickly, so the key to its sales is inventory turnover. It is essential to properly control gross profit to achieve "ultra-low prices."

The company saved costs in the production and management process, and obtain cost leadership in the competitive process with the cost leadership strategy. The cost
leadership strategy achieves a lasting competitive advantage at a low cost. Cost-leading companies can increase their market share and achieve higher returns as long as they are able to increase their market share at or near average.

2) Integration strategy
After Jingdong went public, Jingdong CEO Liu Qiangdong mentioned the "ten sugarcane" theory. The so-called "ten sugarcane sugarcane" theory essentially explains the distribution of benefits. Jingdong's approach is to "eat more sugarcane deposits", which not only means a trading platform, but also expands its business to other parts and achieves multiple links by continuously reducing costs. The ten-section sugarcane theory properly abstracts the essence of the JD model, that is, controlling the entire retail chain and seamlessly providing services to users; the ten-section sugarcane describes the supply chain model of consumer goods. Retail industry; B2C model in e-commerce; Jingdong's "ten-control sugarcane" is actually a concrete implementation of vertical integration.

3) Diversification Strategy
A diversification strategy, also known as a diversification strategy or a diversification growth strategy, is to grow and grow by adding new products or businesses to an existing product or business. This is a product marketing strategy. In order to achieve long-term and stable management, the pursuit of maximum economic benefits, the company implemented this strategy.

With the deepening of specialization and the development of e-commerce companies to the current level, most professional giant e-commerce companies are facing dilemmas of market size. Take Dangdang.com and Joy.com as examples. The online book business of the two companies together accounts for more than 80% of the online book market. In this case, if you insist on specialization, in addition to one is the natural growth of the customer base and the growth of customer consumption. In addition, you can only win customers from your competitors' customer base. Therefore, the diversification strategy is a turning point in business for large e-commerce.

Since the establishment of JD Multimedia in 2004, JD has been focusing on 3C digital products, and has been developing into a home appliance industry. Then, it entered the book market with high profile in 2010. JD obtained a virtual operator license at the end of 2013. In 2014, JD Finance went public, involving funds, crowdfunding, insurance and loan businesses.

From the 3C market to home appliances, department stores, books and other fields. This diversity transformation depends on the internal dynamics of JD. JD has provided strong supply chain support and a good customer experience for its diversified strategy since the full deployment of logistics systems in 2007. Therefore, to a certain extent,
JD's development diversification strategy is an inevitable development.

4) Differentiation Strategy
Say goodbye to the era of strong sales and weak brands, develop more users, and increase the visibility of all categories. JD continues to enrich its product categories and strives to attract more white-collar workers and high-end consumer groups. From a single 3C business to books, clothing, daily chemicals, food, etc., from a single 3C product to a more profitable daily department store market for direct online sales, it has transformed into a comprehensive category of B2C.

Note: 3C is an abbreviation of Computer, Communication, and Consumer Electronics.

A differentiation strategy is a way for a company to provide customers with products or services that have unique value and higher premiums. The differences in business operations are reflected in many aspects, such as the product or service itself, customer service, brand reputation and channels.

6. Amazon

6.1 Business Overview
Amazon.com Inc., known as Amazon.NASDAQ: AMZN, is the largest online e-commerce company in the United States, headquartered in Seattle, Washington. It was one of the first companies to conduct e-commerce on the Internet. Amazon was founded in 1995. At first, it only ran a book-selling business online. Today, it has expanded to a wide range of other products and has become the world's largest online retail product variety. Is the world's second largest Internet company. The company's name also includes Alexa Internet, a9, Lab 126, and the Internet Movie Database (IMDB).

Amazon and other sellers offer customers millions of unique new, refurbished and second-hand items such as books, movies, music and games, digital downloads, electronics and computers, home gardening products, toys, baby products, food, clothing, footwear and jewelry, health and personal care products, sports and outdoor products, toys, Automotive and industrial products.

In 2012, Amazon.com entered the B2B wholesale market with the launch of AmazonSupply, which featured only products sold directly by Amazon. However, in April 2015, the company launched Amazon Business, a new platform for B2B e-Commerce replacing AmazonSupply, that sells products from other companies as well
as from Amazon.

6.2 Amazon China

Amazon China, a Chinese B2C e-commerce site formerly known as Joyo.com, became a subsidiary after Amazon's acquisition. Operate symbiotic software, books, movies, and TV. Founded in 2000, Joyo.com provides customers with a variety of books, audio-visual, software, toys, gifts, department stores and other goods. Amazon China is headquartered in Beijing with offices in Shanghai and Guangzhou. So far, it has become a leader in China's online retailing. Amazon China is the site of Amazon, the world's largest e-commerce company. Committed to creating a reliable online shopping environment for consumers from three aspects: low prices, easy choice.

According to the China Online Retail Market Data Monitoring Report released by the E-Commerce Research Center for many years, Amazon's market share in China declined year by year from 2012 to 2018, at 2.30%, 2.70%, 1.50%, 1.20%, 1.30% and 0.80%, respectively. 0.60%.

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6.3 Strategies

1) Amazon relies on seller financing program to compete with Alibaba

Seller financing to compete with Alibaba’s expansion

In a move to reinforce its B2B operations and compete with Alibaba’s aggressive international expansion, Amazon Business expanded its seller financing program to eight new countries in addition to the existing markets of U.S. and Japan. As credit becomes a significant factor in the competition for new vendors and capturing market share, companies are increasingly pushing the risk on loans to increase their supplier base. However, Peter Faricy, head of Amazon Business, believes that since Amazon relies on algorithms to assess the creditworthiness of suppliers, it protects them from the risk of loan defaults.

Amazon’s algorithm relies on the following factors to assess supplier creditworthiness:
› Time lapsed between stock replenishment
› Popularity of products
› Inventory cycles

The company has tied up with Synchrony Bank2 for the U.S. market and Yes Bank and Capital First in India. This move will be especially interesting for Amazon’s growth prospects in the Chinese market, where it currently is dwarfed by Alibaba.

2) Building robust logistics capabilities

Amazon has been steadily establishing its own transportation and logistics network including drones, planes and ships, not only decrease its reliance on third party vendors such as UPS and FedEx but also compete with them. In doing so, Amazon seems to have taken a leaf out of UK retailer Ocado’s book and is trying to reposition itself more as a transportation services and logistics provider, both for itself and third parties.

According to a 2013 report given to the company’s senior management team, there are plans in place to form a global delivery network that enables in-house distribution of goods from factories in low cost centres in India and China to customers across Europe and the U.S.
This is especially important in today’s e-Commerce ecosystem where a comprehensive end-to-end logistics network is mandatory to gain a competitive edge and the last mile still poses the highest challenges. Amazon Business faces stiff competition from over 35,000 legacy distribution companies, and online companies such as Grainger, Dell and CDW, Staples, Office Depot and Alibaba.

Interestingly, this strategy is similar to Amazon’s foray into cloud computing, payments and e-Commerce checkout. Capabilities that were initially developed internally are then offered for business consumption. Cloud services is currently Amazon’s most profitable division.

3) Product details not hidden behind log-in gate

One of the most insightful findings of a 2016 Forrester survey of enterprise buyers was that 32% of the respondents said that they made their final purchase on a website that provided the most product details and information. Getting a customer to make a purchase decision online with minimal or no human intervention and various exit points is a difficult process in itself and a lack of rich product information only makes it harder. One area where Amazon’s B2B marketplace differentiates itself from competitors is the immense detail it provides in the product detail page. The company pays special attention to getting its information architecture and product taxonomy right, as part of its endeavour of setting the benchmark in terms of customer experience. One way it does that is by not hiding the details behind a log-in gate. Almost all the information, barring customer specific pricing and other personalized features, is available for everyone to see.

4) Effective management of buyer’s long-tail spending

One of the main areas of concern for many B2B buyers is the growing value of long-tail spending, which occurs when products are bought outside the usual purchase cycle and procurement contracts. Although individual transactions of this nature are small, together they add up to a significantly large number and at times more than what buyers pay to their largest suppliers. Long-tail spend is difficult to manage because often there is simply not enough and/or clear data owing to high volumes, low transaction value, lack of effective management and sometimes even a lack of interest. Amazon Business tries to help business buyers to either eliminate or effectively manage this aspect of their spending through its advanced spending management software. A good example for this is Henkel Corp, a manufacturer of adhesives, beauty products, laundry and other home-care products, which makes large procurements from Amazon Business. According to Ellen Nielsen, vice president of purchasing at Henkel, Amazon’s ability to manage long-tail product purchases effectively was one of the main reasons why the company chose to shop with them. In this case, Amazon not only
helped Henkel use their software independently but also integrated the purchases with Henkel’s in-house procurement software and workflow process, thereby resulting in efficient management and significant cost savings.

6.4 Amazon to exit China

Amazon's share price has risen more than 20 percent since the beginning of 2019. According to the latest financial reporting data, Amazon's 2018 annual revenue rose 31 percent to $232.887 billion, breaking $200 billion for the first time, and net profit rose 232 percent to $10,073 million, breaking $10 billion for the first time. In global markets outside the U.S., Amazon's total revenue last year was $57.3 billion, with Germany leading with $16.9 billion, Japan in second place with $11.9 billion and the UK third with $11.3 billion.

On April 17, 2019, Amazon announced that its e-commerce business was pulling out of the Chinese market, and on July 18, Amazon stopped offering seller services to third-party sellers in Amazon China, retaining only Kindle e-books and cross-border products. Trade.

Amazon plans to close its domestic market in China in mid-July, while closing logistics centers within the next 90 days and gradually reducing support for Chinese businessmen. This means that Chinese consumers will not be able to buy domestic products on Amazon's platform, but they can still order from the US, UK and Japan through Amazon's global stores.

6.5 The analysis of Amazon China failure

Amazon had become the "big integrated online retailer" with its low prices and online sales model. In 2015, its market value exceeded US $ 260 billion, surpassing Wal-Mart and becoming a global retail throne. Amazon replicates the same business model in markets in other countries. However, this business model does not apply to China. The biggest reason for Amazon's failure seems to be the difficulty of reconciling the contradictions between Chinese and Western cultures and values.

6.5.1 The collision of Chinese and Western cultures and values

1) Take the "shortcut" vs. "rules"
Foreign sellers have always mentioned a lot of Chinese sellers, and even foreign sellers have joined forces to boycott Chinese sellers. The reason is that Chinese sellers broke Amazon's original orderly competition and subverted Amazon's competition rules.
Amazon originally did not "swipe", but after the Chinese seller came, they had to "brush". Chinese sellers have drilled the loopholes in system operation by relying on "single bills", making their products top in the list and crowding out countless foreign sellers.

If foreign sellers are not willing to get involved in the "swipe" single battle, they can only endure Chinese sellers to steal customers. For this kind of behavior, it can only be avoided by repairing Amazon's competition rules, but Amazon's patching of rules is far less timely than competitors.

2) "Price" vs "Value"
Amazon has never bothered to "price wars," said Wang Hanhua, president of Amazon China, saying that the price war is nothing but a "flicker."

This software may be used abroad. The rapid changes in lifestyles and the rapid development of information technology have created a natural distrust of "online shopping". When Amazon understood this fact, it was too late to join the "Double Eleven" and "Double Twelve" melee. Rivals such as Taobao and JD have captured most of the market, making it difficult for Amazon to share some of it.

3) Strategically conservative, missed the opportunity
Chinese e-commerce experts like to create festivals, double 11, double 12618 and so on. This has become the domestic e-commerce performance and scale expansion of the traditional game way. But Amazon is very conservative, rarely involved in large-scale promotions in China and rarely advertises. In 2013, JD launched a price war. Amazon is not only not "in the war".

6.5.2 Major mistakes in marketing strategy
Amazon has made a series of mistakes in its marketing strategy, causing Amazon to regret withdrawing from the Chinese market.

1) Despise market research
When Amazon first went online, it only stepped into a blank area of the market, while e-commerce was still in its infancy. As a result, Amazon's enthusiasm for e-commerce has risen rapidly and was once remarkable.

But at this time, when Amazon entered China, domestic e-commerce platforms gradually emerged. Dangdang, Taobao and other competitors have deployed relatively complete e-commerce marketing systems in China, occupying most of the market.
In the fight for more and more "price advantage" to harvest the sinking market, JD used the slogan of "authentic" and "service" to enter the field of electrical online marketing. Amazon still maintains its original marketing strategy.

Amazon China is not doing enough due to market research, so Amazon executives are not clear about the differences between Chinese and foreign consumers, which leads to the development of strategies and strategies that are not effective for Chinese consumers.

2) Lack of competitive advantage
Compared to competitors, Amazon lacks a clearly identifiable logo and competitive advantage.

Taobao relied on the initial price war to slaughter the market, and constantly standardized operations to combat "fake goods" and move towards regularization. JD's slogans of "authentic" and "service" have attracted the hearts of countless consumers. Even the rising stars "Victory Club" and "Netease Koala" also have the slogan of "Hai Tao Authentic".

Only Amazon did not seize the opportunity at the beginning, coupled with the lack of follow-up motivation, did not determine its own competitive advantage, it is difficult to stand out from the competition, and was eventually forgotten by "indiscriminate" consumers.

3) Lack of publicity
In the 12 years since Amazon entered the Chinese market, China's marketing has maintained a relatively low-key strategy. There are too many differences in investment and promotion in advertising by Chinese e-commerce companies, and Chinese consumers have long been interested in products and added shopping carts. Despite Amazon China's insistence on everyday absolute truths and low prices, Chinese consumers are still unknown.

4) China's new product launch speed is lagging
Amazon has always pursued product innovation and strong technology, and has been proactive in product sand and investment. As a result, its products tend to be ahead of their competitors and difficult to surpass. However, the launch and listing of its new products in the Chinese market has lagged significantly, allowing domestic competitors to seize the domestic market.

6.5.3 The lack of innovation in the operating model
Amazon's biggest problem is that it doesn't focus on the user experience in a timely manner.
1) Lack of user experience

Since 2004, Amazon through the acquisition of Joyo.com to entered China, it has shaken off the remarkable "China shadow." In the second year after acquiring Joyo.com, Amazon made significant changes to it. Whether it is the APP interface, product details or after-sales service, Meiya templates are used. Amazon China is still copying games on mobile, which is old fashioned and cumbersome.

Amazon China website platform is actually translated from foreign websites, lack of Chinese localization function. Amazon's website design follows the principle of simple unity, but also leads to the seller's product introduction design in the platform layout, lack of aesthetics. A brief introduction to the product is not enough. Compared with domestic e-commerce sites, it is single and boring, to domestic users have brought difficulties.

As an e-commerce platform, in the domestic GMV as the core of the industry, simply through the "meet the demand" to create more orders is not possible. It has become the mainstream of China's e-commerce market. To meet this well-educated user base, all Chinese e-commerce applications provide as detailed and informative product information as possible. Tao Fan 80 after Jiangfan to take the "satisfaction" strategy, will bring this spirit to the extreme.

Lack communication on B2C website

Amazon China's B2C website lacks an online communications system. Chinese e-commerce sites can communicate with buyers online in real time through chat software to reduce the occurrence of after-sales problems, so that buyers experience more intimate service. Amazon China uses only email communication methods not commonly used by most Chinese consumers. This approach is more cumbersome and backward than chat software.

Even so far, Amazon’s product purchase page is a few words about the introduction of goods. If users want to buy, they need to check the relevant information first, and the page often even has flash crashes, flashbacks, etc. The situation of the crash.

2) Ignore the power of "small sale"

"Small sale" is a vulnerable group in Amazon's operating system. Because of Amazon's strict complaint system, a malicious complaint may cause the "small sale" on the platform to go bankrupt. If the customer complains of "fake" on the platform, the Amazon account will be suspended and the funds will be frozen. Even if the truth of such a complaint is doubtful, it is very difficult for the seller to prove his innocence.

Under such a marketing system, many "small sales" are lost to other platforms. The dripping water is still in the river, and the loss of the small sale has brought irreparable
losses to Amazon. The competition for "brand goods" is not "Iwu small commodities". The price war and the lack of support from the "small sale" group will make it more and more difficult for Amazon in China.

3) Local executives lack control.  
In a period of time, Amazon China has even changed the color of the logo and launched new projects. Every business line has to be approved by the US headquarters. This is a common problem for many foreign companies in the Internet. Amazon China is also inevitably independent, and its independence leads to efficiency. Low, slow response, not local enough.

The lack of autonomy in such regional directors directly led Amazon to become an authentic American company in China. The frequent substitution of executives has also become a major feature of Amazon China. In the past 15 years, Amazon China has changed 4 CEs. This will make the whole team's enthusiasm, innovation mechanism and strategic direction obviously insufficient."

6.6 The development of Amanzon China in the future

Amazon's adjustment in China is not about exiting the Chinese market, it's about weighing it off and then focusing on e-commerce business centers and resources to make the most competitive cross-border and Kindle businesses.

1) Amazon Kindle is famous in China
Amazon's Kindle e-book store was set up in China in 2012, bringing the gospel to Chinese consumers who like to read. Amazon's own brand of Kindle reader, it is small, easy to carry, with eye protection, for Chinese consumers to provide a good reading experience. While Amazon's Kindle is well-known in China, it has also driven other products in the country.

2) Overseas purchases sell foreign things to China, which is cross-border; global stores open Chinese things to the world, or cross-border. The essence of these two businesses is precisely to fully link Amazon's global resources and advantages to the Chinese market.
Amazon's previous data report shows that in 2018, Amazon's overseas sales and orders have exceeded record highs. Amazon's global third-party seller sales have increased from 3% in 1999 to 58% in 2018, nearly 20 times, and China plays an important role.

6.6.1 Amazon China Opportunity
1) Amazon's 3D layout in China is getting better and better
With its own logistics, Amazon has been in the Kindle market for 12 years. AWS cloud services continue to be profitable in China. Amazon's "troika" has been deployed in China, and the links between its businesses are growing. With the development of Amazon's "overseas procurement" and other start-up markets, I believe that the future development of Amazon's Chinese market will have a new atmosphere and new vitality.

2) Global stores attract local manufacturers to Amazon
In March 2012, Amazon's "Global Store" beta business successfully attracted thousands of sellers. With hundreds of millions of active high-quality buyers and consumers, many well-known domestic brands, as well as domestic traders and e-commerce companies, looking to enter overseas markets, are eager to enter the Amazon platform. Amazon's global store is a great opportunity for sellers.

3) AWS Cloud Services Lead the World
Amazon's First Quarter 2018 earnings report shows a 43% year-over-year increase in AWS cloud services. In 2017, annual revenue reached $17.4 billion, making it the world's largest market share. In the 12 years since its launch, AWS has become the world's most comprehensive and widely used cloud platform, providing customers with more than 100 full-featured services. At present, the development of domestic enterprises on cloud computing has a huge demand. AWS' domestic revenue will begin to grow in October 2016 as Amazon introduces management of AWS' China business and continues to grow its cloud computing business in China. It generated billions of dollars in revenue in a month.

6.6.2 Amazon China threat

1) Major obstacles to domestic development
While Amazon's Kindle is good in China, it has had a big impact on the future of the Chinese market with the rise of other competitors at home and abroad. For example, Dangdang's e-readers, Apple's iPad and China Telecom's e-books all have a large number of e-books, no less than Amazon.

2) Fierce competition for cloud services
In cloud services, domestic competition has taken shape, not Amazon. In China, we can see a lot of ads about Alibaba Cloud, Jinshan Yun and Tencent Cloud. At the same time, there is IBM United Century Internet launched cloud computing services, Microsoft jointly launched cloud services. Amazon AWS cloud services must meet the impact of these competitors in adapting to the Chinese market.
7. The situation of e-commerce in China

1) E-commerce mobile

In 2015, China Mobile's online shopping volume reached 2.1 trillion yuan, up 123.2% YoY. Mobile terminals account for 55.5 per cent of all online shopping transactions. This is the first time a mobile terminal has surpassed a PC terminal. This dramatic change ensued, changes in consumer spending habits and changes in the direction of the company's efforts.

Compared to the PC, users are significantly more likely to shop on the mobile side, with almost one-third of users making mobile online purchases every week.

Here we need to highlight the fragmentation of e-commerce.

Fragmentation of time and space: sitting in a car waiting to eat, you can access the Internet anytime, anywhere, and you can buy online anytime, anywhere.

Information fragmentation: network information is divided, complicated, and consumers' time and methods of receiving information are fragmented

Demand fragmentation: The reasons for online shopping can come from friends recommending Weibo links to others, commenting on fan effects, etc.

Channel fragmentation: stores, e-commerce platforms, Weibo, WeChat, live broadcast, diversified purchasing channels

Fragmentation of production: niche customer groups, personalized, diverse needs, C2C, customized development

It is because of fragmentation that various methods are born, and various opportunities
Online shopping is increasingly segmented

With the increasing maturity of online shopping and the diversification of shopping needs, in addition to expanding classification to optimize logistics and after-sales service, home appliance enterprises are also actively developing cross-border online development of rural e-commerce. In the context of the integrated e-commerce model, some companies have targeted the field of vertical e-commerce, such as mother and child, medical care, home decoration and so on. These will become a new point of introduction to the development of the online shopping market.

About online shopping users segment consumer groups

The first part is the post-90s generation. They are highly educated, confident and expensive. They focus more on product quality, service experience and brand personality than on price.

The second part is women. Products designed for women will emerge quickly, and the female class will usher in new growth opportunities.

The third part of the elderly (over 65 years old) population by 2030 will reach 17%, the market prospects are broad, the elderly liquid milk and elderly milk powder market rapidly expanded, online channels have begun to segment.
2) Cross-border e-commerce

With the liberalization of the retail policy of imported e-commerce in the second half of 2014. A large number of domestic trade e-commerce and start-ups entered the imported e-commerce retail market. In 2016, China's cross-border import e-commerce transactions amounted to 1.2 trillion yuan, which means that the scale of China's cross-border import e-commerce transactions entered the trillion dollar era for the first time, while RMB 901.08 billion yuan in 2015, RMB185.43 billion, up 33.3% YoY.

With the standardization of import tax policy and the reduction of tariffs on some imported goods, the explosive growth of cross-border import e-commerce is accompanied by the increase of user experience and the increase of platform after-sales service. Cross-border imports of e-commerce will become more and more popular in the future.

Cross-border online shopping users: 42 million in 2016, up 82.6% YoY. Cross-border online shopping is expected to reach 59 million yuan in 2017. In 2016, the B2C model surpassed the C2C as the main cross-border import e-commerce model, accounting for 58.6 percent, and this proportion will continue to rise in the future.

Age and gender distribution of cross-border online shoppers: the population is mainly distributed among young people aged 26 to 35, accounting for 69 per cent. The number was 62.6 per cent for men and 37.4 per cent for women. At the same time, the aging trend of online shopping users is also very obvious. Over time, the proportion of cross border online shoppers aged 19 to 25 has increased.

China's cross-border e-commerce e-commerce echelon: NetEase koalas ranked first in the total volume of transactions, accounting for 21.4% of the market, Tmall International ranked second, accounting for 17.7%, Viviso International ranked third, accounting for 16.1% of the market share. JD's global sourcing market is 15.2%. The rest are Jumeishu duty-free shop, little red tree and yang spring.
3) Women's e-commerce

Although still in the early stages of development, but still face the capital market's wideattention. Vertically, clothing and beauty are more mature areas of women's e-commerce development, and mother and child users are more likely to shop online on a comprehensive e-commerce platform. Among them are Zhu Meiyouping, honey buds, Meili, Mushroom Street and so on.

It is worth mentioning that the mother and child market. Due to the opening of China's second child policy. With the deepening of consumer shopping habits, mother and child and e-commerce business development rapidly, the traditional mother and child industry will be affected. In 2015, the total size of mother and child product transactions was 1.9 trillion yuan, and the scale of online transactions was 360.6 billion yuan. In 2016, the total turnover reached 2.8 trillion yuan, and the online turnover of mother and child products was 964.5 billion yuan. The growth rate was as high as 167.47 per cent. Mobile terminals have become the development trend of mother-child e-commerce. Among them, 11 16 years of the creation of honey buds worth more than 10 billion yuan, showing its huge market potential.

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8. The e-commerce future development trend

The vitality of e-commerce comes from scene, internationalization, personalization, and socialization in the future.

1) Sceneization
Due to the mobile internet era, the market has begun to shift from traditional price-oriented to scene-oriented. With the diversification of mobile shopping models, scenario-related applications will become a new growth point driving consumer migration. Now when we watch the video on Youku, you can directly click on the costumes of the characters in the play to buy. Song Hye Kyo’s clothing from the descendants of the sun before was sold in China because of the scene.

2) Internationalization
With the upgrading of consumption, changes in consumer consumption concepts, increasing emphasis on the quality of goods, and the strong support of national policies, domestic cross-border consumption is being transferred from cross-border imported retail e-commerce by Haitao Lane. I won't go into the details mentioned above.

3) Personalized e-commerce
With the development of e-commerce, the personalized development of consumer demand is rapidly upgrading, adapting to the changes of users, the consumer prospects are full of expectations. A number of vertical e-commerce companies, including women's e-commerce and mother-and-child e-commerce, have emerged and trained a large number of personnel.

4) Social
Under the impetus of the popularization of Internet celebrities, the rise of content e-commerce, the influence and promotion of big data, society and e-commerce, as well as the continuous integration and development, the e-commerce industry is gradually becoming socialized. Decentralization sharing and the transformation of the economic age.

China Mobile accounts for 90% of mobile users. Social networking has become mainstream. Mobile social networks meet the needs of people to communicate, express
and share their lives. It is also a platform for users to access information and entertainment.

Users naturally share shopping information on social networks, triggering natural and real interactions and stimulating the interest of friends to read and buy. For example, a beautiful calendar and bookmark, user sharing, data aggregation, user attention, word-of-mouth communications, traffic purchases, and the transition from social networking to e-commerce have become so convenient.

In the traditional era of e-commerce, users need to buy before, users rely more on the platform, it is difficult to have a direct impact on enterprises, and now social e-commerce has solved the problem of product information asymmetry, quality and continue to stimulate consumption. The vague desire to buy has translated into clear consumer demand. Users' trust in a friend community or influencer will increase their repeat purchase rate. We're talking about a lot of what I'm buying right now and finding it's not very useful. The reason is this. Because the demand is vague, I don't know if I really need it.

You can buy products because of friends' suggestions because you like an internet celebrity because they trust your eyes and they approve the product. This is the socialization of e-commerce.

It can be seen that the business model of live and online celebrity e-commerce has a broad prospect. Some internet celebrities sell tens of millions of dollars a year through live-streaming platforms, which has to be described as an astonishing number. Real-time streaming is now an emerging marketing approach that increases platform traffic and increases sales and openness.
Many of the knowledge-based influencers on WeChat are actually the same. Some of the knowledge-paid products they recommend, because you trust this person, you don't think that what they recommend will be worse, like Luo Ji thinking, so you will buy.

Existing Problems, Strategic Positioning and Measures of China's Electronic Market Development

The development of Alibaba's online market is not a replica of the U.S. business model. China has developed its own development strategy mainly in Asia, especially in China. First of all, with the current situation of China's network development as the theme, Alibaba has been focusing on building a good online trading market, and focus on solving the latest problems of domestic e-commerce, such as people flow and logistics, can not be solved. Overall, China's e-commerce is still in its infancy, and many problems remain to be solved. The development of e-commerce and online trading markets cannot follow the American model. So, what is the main market for the development of China's electronics market? What strategies and measures should be taken to develop China's current electronic sand market?

First of all, the development of China's electronic market should be based on information intermediary, to build a rich and practical professional information market platform. Since e-commerce is just beginning in China, many companies' initial understanding of e-commerce is based on information query on the Internet. Many enterprises, especially small and medium-sized enterprises, because the information is blocked, can not grasp the supply and demand information in a timely manner, enterprises are eager to obtain practical information from the Internet. The electronic market must first become an information bridge between both supply and demand, so that product suppliers can quickly find buyers, demand side can also be based on their own needs to choose, so as to win the trust of enterprises online transactions. Market. At the same time, we must use localized methods to handle the flow of information on our website, such as using Chinese and foreign language interfaces to face domestic and foreign markets. There is also a need for continuous research to understand the needs of customers, timely update of the website information, reflecting the rhythm and culture of modern business.

Second, functional modules such as online billing and logistics distribution will be included in future expansion plans rather than as current platform tasks. At present, China's e-commerce network payment, distribution system and security certification system is far from perfect. Lack of network security, low level of logistics modernization, the popularity of electronic money is not high. In the process of trading, it takes time to establish and perfect the direct trading period of the network through the payment and charge of the financial network connection. In a country like China that needs face-to-face trading, the trust and payment methods of buyers and sellers are not secure. As a result, China ElectronicMall cannot focus on online billing and
logistics. Online and offline trading can be used to avoid unnecessary hassle.

Third, market opportunities should be directed at small and medium-sized enterprises. China is a fast-growing market. Small and medium-sized enterprises are large in scale, widely distributed, have great potential and are developing rapidly. China's small and medium-sized enterprises to create the total industrial output value has accounted for 60% of the total industrial output value of the whole society, profits also accounted for 40%. In the absence of cumbersome circumstances, small and medium-sized enterprises respond quickly, act quickly, and easily accept new things. Eighty-five percent of China's online businesses are small and medium-sized, unlike U.S. websites, which are dominated by large companies. There is a mature market where big business dominates. In China, to make a breakthrough in the field of e-commerce, can not completely copy the practice solely in Europe and the United States, but to adapt to local conditions, according to local conditions. Catch small and medium-sized enterprises, large companies will naturally come. Because big companies rely on small and medium-sized businesses! Just as Alibaba is positioned as a small company or a small wholesaler. It is this strategy that has enabled Alibaba to rapidly develop into a large market, with thousands of merchants from more than 190 countries and regions coming to buy and sell a variety of goods.

Fourthly, it is recommended that market access rules be developed from low to high. At present, the free membership system should still be implemented to attract business users to participate in the online trading market. For the trading platform, in order to ensure the sincerity of the parties to the transaction and the growth of the platform itself, you can join the network members to charge a certain membership fee. For most companies, it is difficult to accept payments if there is no real benefit. This allows the trading platform site to lose a game first, in its popularity. However, the key to the online trading platform is customer and popularity. At present, inter-enterprise e-commerce (B2B) in China is not enough popular, small and medium-sized enterprises due to financial problems or do not understand the huge potential of e-commerce, has not joined the ranks of B2B. If setting the rules is cumbersome and technically requires an access mechanism, such an electronic market is simply a rejection of customers. For SMEs to participate in e-commerce, they must gradually be guided to realize that inter-enterprise investment in e-commerce is negligible compared to the potential benefits of participating in the online marketplace. At present, China's electronic market should still implement a free membership system and related services to attract corporate members to join. Free membership does not mean no profit. Market operators, by providing users with virtual trading venues, rules and mechanisms, greatly enhance the influence of the industry, provide a variety of value-added services, obtain profits, and gradually become the rulemaker of the industry rules.

On the other hand, at an early stage, the e-market encouraged SMEs to join free of
charge, reflecting the principle of open and fair competition in the online trading market. In the future, with the popularization of e-commerce technology, the technical barriers in the electronic market will gradually increase, requiring companies to enter the online marketplace must obtain certain qualifications. This qualification means that the enterprise must have a qualified electronic production management system, the system can be seamlessly connected with the external information flow, to achieve comprehensive information technology. The whole process of production, procurement and sales. The rules of market access for online transactions must follow rules from low to high so as not to scare away customers.

Fifth, the establishment of a variety of ancillary services, to achieve the value-added of the site and advertising revenue. Online trading market can provide policy and regulation, customs duties, customs clearance, commodity inspection, shipping, insurance, import and export business, foreign exchange and other consulting and agency services, in order to enrich the market intermediary function, to achieve the value-added benefits of the website.

In the process of increasing globalization of information network, China B2B website must grasp China's unique local competitive advantage resources. Only an electronic market model that combines information services with local features can be more feasible and more likely to win overseas capital.
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