

## **Studying the E-Commerce Based Business Conglomerate (A Study Case: Alibaba.com)**

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### **ABSTRACT**

Alibaba group holding company is a company that was established nineteen years ago on 14th April 1999, founded by Jack Ma and this company is based in Hangzhou, Zhejiang, China. Alibaba is an e-commerce company. This company has become the largest e-commerce company in the world. This can have positive impact and business opportunities for small and large business by utilizing innovative technologies to compete fairly. This study will discuss how Alibaba's good and innovative online marketing strategies make this company successful and recognized by the world.

**Keywords:** Alibaba, E-Commerce, Marketing Strategies

### **INTRODUCTION**

Alibaba is the largest E-commerce company from China. This company was established on April 4, 1999 in Hangzhou, China, founded by Yun Ma (Jack Ma). Alibaba is a global leader in B2B e-commerce. Alibaba provides three online B2B markets that connect buyers and sellers from all world-class English (Alibaba.com) markets, Mandarin-speaking markets (Alibaba.com.cn) and Japanese-language markets (Alibaba.com.jp). This makes easy for everyone to buy or sell something online anywhere in the world. Alibaba group has a total of seven business groups, namely Alibaba, small business operations, Taobao, Tmall, Alibaba International Business Operations, Juhuasuan, eTao, and Alibaba Cloud Computing (Alibaba.com, 2014). The main benefits of using Alibaba.com are low costs, access to many suppliers / buyers, fast transaction time, more transparency in transactions, lower risk of fraud, and easy contact with SMEs. (Piet Walraven, 2009). Alibaba's initial business model is simple, which facilitates a 24/7 meeting platform for suppliers and buyers worldwide. Since the beginning, Alibaba has not only connected Chinese suppliers with international buyers, but also has the aim of connecting all importers and exporters around the world with each other. (David Wei, 2007) So without doubt Alibaba.com is a leading international e-commerce company B2B websites that are accessed by suppliers and buyers from anywhere in the whole world.

### **Literature Review**

Alibaba Group Holding Ltd's development was divided into 5 phases. The first phase was with a time span of 1998 till 2001. During this phase, Alibaba understood the situation and provided free information for suppliers to penetrate in the existing market. At that moment, China's trade market was still in the niche stage with the dawn of information stage in the world wide web. Thus, taking advantage of the situation, Jack Ma understood the needs of SMEs in China for entering the B2B e-market and hence provided them with free online services and information according to the respected

enterprises and the characteristics of the industries. Porter Erisman, Vice President of Alibaba was hired as a foreign expert to help the company into globalization matters. Attracting foreign experts to run the company were the main essentials because people in China had fragile management experiences during this period (Walraven, 2009). China's e-trading development was marked with the second phases which started in the year 2002, wherein Alibaba invented a loyal and trustworthy credit certification named "Trustpass" in order for consumers to purchase anything without any concern over fraud and deceit, this was because credit (in terms of monetary and brand name) has been the biggest problem. This method for building trust among the suppliers and credit authentication helped Alibaba in generating more and more profits because many SMEs willing started to use "Trustpass" services in the e-trade market platform.

During this period, the Internet penetration in China gauged up and the total export volume grew in multiple rates.

Buyers from all over the world lined up to profit from the low-cost products which is a result of penetration pricing (Walraven, 2009).

Developing and Expanding the e-trade with overseas markets marked the third phase with Alibaba, around 2004. Chinese suppliers provided helping hand to international enterprises to construct their own empire of website and independent accounts in order for consumers to access their business information more rapidly with ease. Thus, paving way for enterprises to create more business opportunities and higher profit income. Adding 'Feather to hat', Alibaba launched "Taobao" which eventually became the largest online shopping platform, overtaking US eBay. Moreover, they have also launched "Alimama", the largest online advertising platform for business purpose and Alipay, China's leading online payment service, which was approved by the China government. In 2005- 2007, Yahoo China was taken over by Alibaba where all the transaction operations are controlled by Alibaba independently, this made a turning point in Alibaba's business empire marking the forth phase. There was chain of business blooming activities followed by new e-trade search engine after Alibaba established its own system at "www.yahoo.com.cn". Alibaba's empire has started to grow broader by provide larger communication space for e-trade business and also this led to greater networking across the globe. Era of the fifth phase started since 2008 and still continuing, Alibaba opened up an office in Taiwan and Switzerland. There was a huge gap between B2C ("business to customer") market, B2B ("business to business") and C2C (customer to customer"). Playing strategically, Alibaba flipped its marketing strategy to enter B2C e-trade market more easily. Which led to significant growth in total number of registered users who contributed to revenue and rapid rise in profits. According to Alibaba's annual report, in 2010 the total users, revenue and paying members risen to 61.8 million (Alibabagroup.com, 2014). The mobile application for Taobao was also launched in 2010. For cargo trading Alibaba also officially launched the AliExpress.

Alibaba's main focus was to do business everywhere with ease. Sales channels were partially paralyzed for local SMEs in China before this company penetrated, trade exhibitions that were conducted to introduce and demonstrate the latest products for more opportunities came with a huge cost. SMEs were making attempts for business opportunities and growth, after all the Open policy that opens up the investment to foreign country and economic Reform (Tisdell, 2009). At this time there was very limited customers that the sales team could reach out. Alibaba's technology which was

given to these SMEs in China had huge advantages. Firstly, China being deprived of geographical constraint is one of the main reasons of Chinese SME's huge market of e-commerce. Further, the established e-commerce environment facilitated the transaction cost to plunge. The e-commerce business platform, on the other hand, also incorporated the regular business cycle and give buyers and supplies more relevant and precise information of all times. Alibaba's e-commerce technology has made the environment favorable and convenient to SMEs to conduct their business anywhere in the world efficiently. In 2013, Alibaba sold merchandise which was a far more than eBay and Amazon combined. For Alibaba customers come first for which their mission is to make business across the world easier second in line is the company and shareholder third. Today, customer is the king which means they are far more powerful (McGovern, 2014). Alibaba provides free of charge online e-commerce platform to both customers and client, they also bought in pay-per-click (PPC) ad campaign in their business (Yang, 2010). Clubbing all the interested suppliers on a single platform in various Trade Fair, Alibaba gauged up in largely reducing the cost of each supplier. Simultaneously, Alibaba also helped estimate market data to better forecast their own business demand. This strategy allows them to charge a minimal amount as fee to the suppliers that are more willing to pay at a discounted price as the need for sales and marketing from millions of suppliers. This paved way for Alibaba to successfully capture the sellers who are price sensitive but less demanding in terms of the service quality. Alibaba believes in "Change is the only constant" because developing a good strategy is not easy especially in such a fast-changing world. Therefore, they focus on their mission of making business easy for everyone (McGovern, 2014).

Many Chinese companies face a common problem when their foreigner partners find it hard to remember the name and hence an igniting strong image branding was in pipeline. Therefore, Alibaba was chosen because it is easily pronounced and can be spelled in many languages. Alibaba helped to raise the brand awareness, because of its clear-cut syllables. Another reason which supported image branding was the famous fairy tale named Ali Baba, a character from the movie of "One Thousand and One Nights" from Arabian Nights that uses the secret code to enter the cave overflowing with hidden treasures and gold. Alibaba Company opens a gateway for wealth when it comes to business.

## **RESEARCH METHOD**

Originating from a little unit in urban center, China, Alibaba cluster burst onto the world e-commerce scene with Alibaba.com an {online} service that expedites B2B trade everywhere the world- to become one in all China's initial online businesses. Alibaba.com

has grownup commendable from its initial starting as a general e-market to an enormous e-marketplace (<https://www.ukessays.com/essays/marketing/the-alibaba-group-company-analysis-marketing-essay.php>).

Most consumers and suppliers contemplate alibaba.com as a "grand B2B geological dating site". Businesses that are searching for specific merchandise will transfer their necessities within

the hope of a “match” with potential suppliers. They will effectively search Alibaba.com for business customers UN agency have already registered their searches.

This report has analyzed the factors that have contributed to the success of Alibaba.com in business to business market. The four (P's) postscript of the promoting methods square measure among the factors that have contributed to the success of Alibaba.com. Product/ service is one among the promoting methods that has crystal rectifier to the success of Alibaba.com. The services offered square measure like on-line payments, listing solutions, protection and authentication, instant electronic communication, member name and when sales services like warrant programs. of these services have accelerated the company's success. valuation is another strategy that crystal rectifier to the success of Alibaba.com; the corporate has adopted variety of valuation methods such as; wares valuation, penetration valuation and discounts. These valuation strategies used square measure honest to the business to business customers and have raised the sales of the corporate. During its rise, it's incurred challenges and have become additional exposed to bigger competition. Promotion is additionally one among the promoting methods that crystal rectifier to the success of Alibaba.com. the corporate promotes its services through the utilization of web promotion strategy, media advertising and sponsoring of events.

Last however not least is that the distribution strategy wherever by Alibaba.com uses the web as its intermediary whereby it's many websites, it additionally uses direct distribution channel; Alibaba teams has forty shops in china.

Other factors that contributed to the success square measure such as; sturdy whole, providing customers with outstanding price and superior looking expertise, huge sales volume and realizing economies of scale.

Alibaba .com restricted is that the international leader in business-to-business (B2B) e-commerce and therefore the flagship company of Alibaba cluster. that was found in 1999, Alibaba.com is that the largest on-line market place for each international and domestic. Product and services suppliers in business to business radio-controlled with sensible distribution channels. David dynasty (2007). Alibaba teams provides 3 on-line B2B marketplaces that connect consumers and sellers from round the world- English-language marketplace (alibaba.com), a Chinese- language marketplace (alibaba.com.cn) and a Japanese- language marketplace (alibaba.co.jp).

Apart from Alibaba.com, the Alibaba cluster has wide-ranging its efforts with alternative e-commerce sites like Taobao.com, Alipay, Alimama , Alisoft and Yahoo Koubel!, a web classified service collaboration between Yahoo! China and Alibaba cluster. These internet services expand the Alibaba Group's business portfolio to incorporate services like retail websites, and business management solutions, creating it one among the biggest and most comprehensive suppliers of web retail and B2B services. On these sites Chinese and foreign companies trade everything from cars, building materials to iPods, TVs and letter paper. The key edges of mistreatment alibaba.com square measure like Low price, Access to several suppliers/buyers, fast dealings time, additional transparency in dealings, Lower risk of fraud, straightforward to create contacts with SMEs. Piet Walraven (2009). The initial business model of Alibaba was simple; facilitate a 24/7 meeting platform for suppliers and consumers round the world. From the beginning Alibaba didn't simply connect Chinese suppliers with international consumers, however it had the goal of connecting all importers and exporters round

the world to every alternative. David dynasty (2007). each market places square measure segmental into over forty business verticals covering major shopper classes like attire, physical science, gifts, beauty, security product and workplace provides. While not a doubt Alibaba is that the leading international Chinese web company. Its West Germanic B2B web site is accessed by suppliers and consumers from anyplace across the world.

Example of alibaba.com channel sales partiners /strategic partiners: Melbourne it restricted Dutch East Indies, Japan the worth proposition/key profit Alibaba.com was one among the few firms in China that didn't copy existing business models within the America or Europe. It provides a platform for consumers and sellers, and proposes news, analysis and timely tariffs, and development team works analysis new technologies and functions to support their web site that facilitate to reinforce their service and cut back operation price and acquire massive profit. Its business model aims to structure associate economical, versatile and responsive structure before of a hard to please client demand and knowledge society opportunities. underneath a business model, its network of partners for making, promoting and delivering price and relationship capital to at least one or many segments of consumers underneath B2B so as to get profitable and property revenue streams. Piet Walraven (2009).

Based on initial business model as a long-run model to create a solid foundation for B2B:

- ☐ Presenting a database
- ☐ Aiming to gain revenue from transaction commissions,
- ☐ Following up services provided on e-commerce platform,
- ☐ And providing value-added services.

The key success factors for this business models are to build critical mass quickly to generate value and then, to audit the members:

- ☐ Build trust by creating a transparent environment
- ☐ Company Strategy
- ☐ Strategy Marketing

According to Alibaba, customers are the key to success, so the business can last a long time if you still have customers. Therefore, Alibaba always prioritizes customers and always provides the best service. Customers will be comfortable in spending and will come again to the marketplace.

At this time Alibaba believes that the business model that will be able to grow is Customers to Business, where customers will demand what products they will use. Besides that, Alibaba always innovates and thinks creatively. so that Alibaba can keep up with the times and not be left behind by technological changes. And then Alibaba try to increase market share, to expand to major and active users. The targets are potential users in the industry, especially in geographical location.

Alibaba have effective marketing strategies because this is the key element in any business enterprise. Part of marketing strategies is identifying the mix of the four “Ps” that makes a service/product unique. (Armstrong, 2004) the four “Ps” are product, price, promotion, and place. The four “Ps” are among the factors that have contributed to the success of Alibaba on business to business marketing.

Alibaba plans to enhance community experience to add active loyalty and development by expanding new markets through creative goods. Alibaba uses this strategy to attract customers to use this application as an online marketing platform, and introduce new features and tools especially planning on instant messaging services. Alibaba also promotes its services through internet promotion strategies such as building relationships with people, direct marketing or B2B, discounts on selected items during special days, and sponsoring the popular pick-ups attracting Alibaba's awareness, like Australia-China business week and Beijing Olympic. Alibaba also listen to criticisms and suggestions from consumers about service.

## **RESULTS AND DISCUSSIONS**

### **1. Products**

Alibaba provides services primarily to small businesses and individuals, allowing small businesses to be online and showcase their products, and offering more diverse options to consumers. Thanks to its focus on small businesses, it has managed to provide a wide variety of goods to a large number of consumers. Now we are going to understand how to shop for the merchandise. There are 2 ways in which to succeed in a product, either by writing the merchandise into the search engine or by causing an acquisition order as shown within the image.

If the search engine is chosen, you'll sort the merchandise name or provider name, then click on Search so on the results page, you'll select the safe provider by clicking on the 3 boxes Gold provider - Onsite Checked - calculable provider within the 1st parallelogram in red, To the left of the page you'll choose the country you would like to import from. within the 1st parallelogram on the proper of the screen, you'll add the merchandise to the Comparison list or add it to Favorites. Then at the parallelogram below it once the Contact provider word is clicked to send a message to the provider.

### **2. Prices & payment methods:**

Alibaba provides many products at a good price and everyone can buy it but we know that the price reflects the quality of the product but not necessarily judged the product is imitated by the price compared to another product because it may be a competitive price that will bring the greatest number of customers and this policy and strategy Alibaba at prices. There are many payment methods available on Alibaba website

- ☐ Visa or Master Card: Bank Transfer: Western Union
- ☐ Web Money: Yandex

To pay the seller directly via wire transfer or Western Union, so you do not get caught up in payment

You should know that the seller is 100% reliable, except that you prefer to pay directly through the site

Through the Visa Card or even the bank transfer, we simply put the protection on the Alibaba website

Is that the buyer pays the seller through the site, then the site freeze the amount and not ,Give it to the seller until the buyer receives the goods and enters the website and confirms that he has received his purchases .In full, then the site will pay the amount to the seller, if you did not receive or received your goods. In a bad or bad way, contrary to what was agreed upon, I advise you here by correspondence. The site returns the amount directly to you.

### **3. Delivery:**

Alibaba have a worldwide shipping .Alibaba website does not force you to choose a particular shipping company ,You are in this case the choice will be by agreement between you and the seller .Mostly purchased from the Alibaba website.They use DHL or FEDEX, a fast shipping company starbucks & alibaba in a bid to revitalize its China operation, the company announced what it called a strategic “new retail” partnership with the Chinese tech giant Alibaba .The partnership will allow Starbucks to pilot delivery services next month with an Alibaba subsidiary, Ele.me, and establish what it called delivery kitchens in Alibaba’s Hema supermarkets

### **Learning**

Learning is the emergence of acquiring a scholarly individual 's knowledge, attainment and posture that emerge through the diversity of behavior after qualifying through experience or doing practices to achieve educational destination. To learn how to employment in root word you should know how to Analysis the effect into the main paragraph and sub-paragraphs. Organizing and arranging educational sections according to their importance and priority. explain and discuss the tasks and distribute them to the team. The payoff of group learnedness: Brand the bookman the core of corporate learnedness. Develop person irresponsibleness, responsibility and collective scholar. Develop a flavor of cooperation and team piece of study among scholarly person s. Interchange ideas among educated. Obedience the opinion of others and accept their views. Railroad train pupil to solve the problem or contribute to solving it. Increase the student's ability to shuffle a decision. Grooming students to adhere to the ethics of listening and speaking. There must be a lot of conditions for co-op encyclopedism among students. Interconnection: All extremity of the group must rely on each other to achieve the desired destination Direct participation: There is a set of tasks that can be accomplished individually, but this does not preclude the direct participation of phallus of the group in the club to exchange summit and program line among themselves. Encourage knowledge: Through this step, students' learning is enhanced both in decision-making and in communication. Self-evaluation: Team members piece of work together to assess the caliber of work, identify action adjust to overall carrying into action more effective.

## **CONCLUSIONS**

From the above research it can be concluded that Alibaba can be successful and become the biggest e commerce company in china because the development system in the company is very well organized. in the development of the company Alibaba is divided into five phases. alibaba is a company that applies b2b promotion system. in terms of product, Alibaba provides services to small businesses and individuals, allowing small businesses to be online and showcase their products, and offering more

diverse options to consumers. Thanks to its focus on small businesses, it has managed to provide a wide variety of goods to a large number of consumers. Whereas when viewed in terms of alibaba prices offering products according to their quality. where prices will bring the quality of the product. the buyer can buy and choose goods according to what he wants but at a reasonable price. Buyers can easily pay for their orders via wire transfer or Western Union. in terms of shipping alibaba goods provide convenience to buyers. Alibaba have a worldwide shipping. The alibaba website is a special shipping company.

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