

# [Market analysis and strategy for alibaba](https://assignbuster.com/market-analysis-and-strategy-for-alibaba/)

Alibaba. com is a B2B website catering to the needs of suppliers and buyers. The target audience of the website is always some other company or its employees. On a B2B website, exchange of products, services or information takes place between businesses rather than between business and consumer. Such websites suffer from greater usability challenges than other websites because the products are quite complex and they are often services, customers are more diverse and buying process is much more complex as it has many steps to be completed. Alibaba. com is the undisputed leader in e-commerce for small businesses and the flagship company of Alibaba Group. It was founded in 1999 in Hangzhou, China. Alibaba. com makes it possible for millions of buyers and suppliers around the world to do business online easily. Alibaba. com offers a wholesale platform for small buyers on the global site seeking fast shipment of small quantities of goods. Together, these marketplaces form a symbiotic association of more than 50 million registered users in more than 240 countries and regions. Besides this, it also offers business management software and Internet infrastructure services targeting businesses across China, and also provides educational services to nurture enterprise management and e-commerce professionals. Alibaba. com has offices in more than 60 cities across Greater China, Japan, Korea, Europe and the United States. It has more than 4000 employees.

ALIBABA GROUP:

Alibaba international

It is an English website serving to the small and medium size enterprises in over 200 countries. Most of the people who visit the site are either international sellers or buyers looking for business in china and other manufacturing countries.

Alibaba china

This is a domestic version of the international website. It mostly deals with the internal trade happenings of china.

TaoBao

it is china’s most popular consumer to consumer website. It was founded in the year 2003.

Yahoo! China

It serves to the Chinese consumers and businessmen. It is a Chinese search brand in alliance with Yahoo.

Alipay online payment solution

By collaborating with major Chinese banks, alibaba operates the Alipay, which allows traders to send and receive payments easily and safely.

## CUSTOMER VALUE PROPOSITION:

Alibaba. com was founded in 1999 and being a B2B e-commerce site it now claims to have 1. 7 million users from more than 216 countries. Just by clicking on the site and one can find numerous suppliers from China through one can find a large variety of products ranging from electronics to automobiles and computers. Almost every possible sector is included. Besides this, buyers can also go through the company information section and lead trade in 27 industrial categories and 700 product sub-categories. This provides a large range of variety to the customers who need not go anywhere else for their needs to be fulfilled.

“ Alibaba. com is getting stronger and stronger,” this is proudly declared according to its 39-year-old CEO, Ma. There are at least more than one million categories of business and people who want to trade in China. But most of them are not large enterprises having enough capital to invest. Hence the problem faced by these SMEs is that they do not have any channel through which they can sell their products to the outside world. As a result of which they have to travel around everywhere and participate in open exhibitions and trade fairs. But this can go out of budget for small enterprises. For them, the Web is the best way to sell to sell their products.

It is a well known fact that China has now been leading in terms of exporting manufactured goods and services globally, but the thing to be pondered upon is how an importer from outside China can look for a suitable supplier from the millions of those available.

All total, the company has about 45 million registered users from 240 countries and regions. The company also operates AliPay, a system allows users to send and receive payments online. This proves to be another feature beneficial to the customers.

## REVENUE MODEL:

A major part of the company’s business lies in Chinese to Chinese interactions, which cannot be overlooked as a possible area of growth. In China alone, there are 1. 2 million users of Alibaba. com

In addition to its Chinese dealings, Alibaba. com also has site separately for Japan. After the site it was established, it did a remarkable job in attracting users and recorded a growth of double figure in the very first six months in terms of Japanese subscribers. The Japanese site is backed by established Japanese partners such as Sumitomo-Mitsui Bank, Nikkei BP, and the Japan External Trade Organization (JETRO).

The CEO along with his team of 18 founders were able to raise $25 million from some big capital firms–Softbank, Fidelity and Goldman Sachs. From the beginning, however, the CEO had explained to the people who had invested money in this venture that the site will not be able to make any money during at least first three years of its establishment, or until the company acquired at least 1 million subscribers.

Major investors: YahooInc., SOFTBANK corporation, Fidelity Capital.

## MARKETPLACE:

Alibaba. com is a B2B e-commerce company. Alibaba’s prime business is to serve as a directory of Chinese manufacturers connecting them to other companies around the world looking for suppliers. It was recognized as the largest online B2B company in China in 2006, on the basis of number of registered users and market share in China by revenue.

They operate two marketplaces; the first is a global or an international marketplace based in English catering to global importers and exporters in China; the second is one is a Chinese marketplace whose main aim is to focus on suppliers and buyers trading domestically in China. These two marketplaces are collectively the most-visited B2B websites on the Internet in terms of user traffic.

## MAJOR COMPETITORS:

In spite of being one of the leaders in its segment of e-trading, alibaba. com faces stiff competition from other websites. Its main competitors include

## eBay Inc.

eBay was founded in 1995. It connects a diverse and passionate community of individual buyers as well as sellers and also small businesses. eBay Inc. is an American Internet company that manages eBay. com, which is an on-line auction and a shopping website

John Danhoe is the president and CEO of eBay Inc..

## PayPal, Inc.

PayPal is the safer, easier way to conduct any financial transactions i. e. pay and get paid online. The website provides services to its customers by letting them pay in whatever way they prefer, including through bank accounts, buyer credit or, credit cards without sharing financial information.

PayPal’s growth was quite substantial and it became a global leader in online payment solutions in a short time with more than 153 million accounts worldwide. It is available in 190 markets and 24 currencies around the world. PayPal also enables global ecommerce by making payments possible across different locations, currencies, and languages.

## MARKET STRATEGY:

The website is designed in a categorical way so that search becomes easy. A user can search for buyers, suppliers and products separately. Alibaba. com is playing a vital role in helping small and medium enterprises in China and around the world participate in global trade and become more competitive in the global market. It is creating jobs and opportunities for millions of companies and their employees by giving them a cost-effective platform to market their products, find quality suppliers and grow their business.

Alibaba. com is playing an imperative role in helping SMEs in China and around the world participate in global trade and become more competitive at the global level. It is creating jobs and opportunities for millions of companies and their employees by giving them a cost-effective platform to market their products, find quality suppliers and grow their business.

In any European Union country like the U. K., small and medium-sized companies are the employers of the majority of the working class in this segment. This is very well proven by the fact that more than 11 million people work in these enterprises. This is quite a large number of employees. This vast pool of possible clients can use Alibaba. com’s online international trade tools as part of a long-term strategy that can be used in the long run to do trade in the global market via the internet.

Businesses in U. K. which have been established for a quite a long time now have developed an expertise in almost all segments of industry developments ranging from machinery to human resource and real estate which is quite lucrative for alibaba. com. As a result of which Alibaba. com’s senior management is interested in establishing strategic partnerships with mature European firms that can share their pool of knowledge with entrepreneurs from other countries around the globe on small and medium businesses.

As a it is a leading company, Alibaba. com has to research, develop and create new concepts answering to new needs focussing primarily on customers’ expectations. By this way, it knows how to capture market opportunities and to expand its strategy to the SMEs’ overall growth throughout the world.

Nowadays, Alibaba. com can be considered as a giant in global trade market because the company is one of the most active in B2B marketplaces. It aims to make business less complex for SMEs all over the world and it has been successful in doing so till now.

Nevertheless, as very well known Alibaba. com is an Asian company which wants to be internationally recognized.

## Management team:

David Wei

Chief Executive Officer and Executive Director

Maggie Wu

Chief Financial Officer and Executive Director

Elvis Lee

Chief Operating Officer and Executive Director

Deng Kangming

Senior Vice President and Executive Director

Sabrina Peng

Vice President and

Executive Director

## CONCLUSION:

Alibaba has brought a revolution in the field of e-business. It has provided a common platform for buyers and sellers around the world. It has narrowed the gap between them and brought them closer to each other. Now one does not need to be physically present for the transaction.

## Appendix