

Alibaba Group - A Ticket into the Chinese Market

Carolyn He

Lund University, Faculty of Engineering, LTH
Division of Production Management

Alibaba Group is today considered to be the world's largest e-commerce company with the mission to make it easier to do business everywhere. What is Alibaba Group's strategy in the United States after the historical IPO? What factors and challenges have the company faced in the market? Will Alibaba Group become the main channel between two of the world's biggest economies?

In the United States, Alibaba Group is acting both as a venture capital firm, investing in American entrepreneurs and companies, and as an e-commerce platform company. Their strategy, to acquire and invest in recognized local companies with high brand loyalty, is an effective way to gain resources and to enter the market. However, Alibaba Group is having a hard time competing with the American giants in their home consumer market; instead they want to learn, see the newest trends and to be on the forefront. With their first owned and registered online shopping marketplace 11Main in the United States, the company gets direct access to the American consumer market, to see how the consumers behave and what they are interested in.

Alibaba Group has grown extremely fast during the past years and today they face challenges such as: how to find ways for all of their business units to work together and gain value from each other, how to integrate new platforms into their already very complex business model, how to think

big and for everybody and at the same time be near the customer. In addition, it is a challenge for Alibaba Group to find the right people, who can deal with the complexity and share the company's value.

The factors that were found to be of importance for Alibaba Group when entering and expanding in the United States are: cultural, language, legal and regulations, logistics, currency fluctuations, lack of trust for Chinese firms and bad brand recognition of the company.

The study is based on desktop research and interviews with nine employees in Alibaba Group and two experts in relevant areas, and it has been structured using the theoretical frameworks: Business Model Canvas, PESTEL, CAGE, Five Forces Framework and SWOT (He, 2015). It gives Alibaba Group an overview and knowledge base that can be valuable for future market entries and expansions. The study can also be of interest for other Chinese online companies that consider entering the American market.

How did Alibaba Group become so successful? The study has identified several factors: as right timing, the vision and mission of the business, stakeholders believing in the company, a more westernized organization culture and by always putting the customer first. Additionally, it is a fast moving and innovative company that is

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good at adapting to the environment and has experiences in serving both the countryside and big cities. Another factor leading to the success might be that Alibaba Group has hired many American born Chinese, American top executives and women in the company. Women tend to think more about others and are crucial to a good business according to Alibaba Group's founder Jack Ma.

Today there are more than 100 million buyers daily on Alibaba Group's platforms and there are no other players helping American businesses reaching the Chinese market like Alibaba Group does. Therefore, American companies should see Alibaba Group as an opportunity, not as a threat.

References

He, C., (2015). *Evaluation of Alibaba Group's Market Entry and Expansion in the United States*. Master Thesis, Production Management, Dept. of Industrial Management and Logistics, Lund University, Faculty of Engineering.