

# Analyzing Alibaba: Unveiling the Strategies, Business Ethics, and Global Market Expansion

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## ABSTRACT

Alibaba, founded in 1999 by Jack Ma, has emerged as a global e-commerce powerhouse with a market capitalization among the top 10 globally, surpassing even retail giant Walmart. This success can be attributed to a combination of innovative strategies, adaptability, and a commitment to customer-centric values. Alibaba's journey involves a strategic focus on global market expansion. The company set ambitious goals, including selling globally and serving two billion consumers. This expansion was not limited to e-commerce; Alibaba diversified into various sectors such as cloud computing, digital entertainment, and logistics. The company's global ambitions extended to major markets worldwide, marking its footprint in diverse industries. Several factors contribute to Alibaba's success, including specific marketing strategies, innovative business models, and overcoming challenges. The company's ability to navigate the complexities of international markets and adapt its approach has been instrumental in its triumph. Alibaba's success is not only reflected in its financial achievements but also in its evolution into a multifaceted global enterprise. Alibaba's success story is a testament to visionary leadership, effective strategies, and a commitment to continuous innovation. From its humble beginnings as an online marketplace, Alibaba has evolved into a global force, influencing various industries and setting new standards for success in the digital era.

**Keywords:** Alibaba, Market Expansion, Digital Era.

## INTRODUCTION

Alibaba, founded in 1999 by Jack Ma and his co-founders, has evolved from a small apartment project to a global e-commerce giant. Here is a brief history of Alibaba's journey to success:

### 1. Founding Years (1999-2002):

- Jack Ma and 18 others launched Alibaba.com, an English-language website connecting Chinese exporters with international buyers. The company turned its first profit in 2002.

### 2. Expansion and Milestones (2003-2010):

- Alibaba introduced key platforms:
- **Taobao (2003):** Consumer e-commerce site.
- **Alipay (2004):** Online payment system.
- Weathered the dot-com bubble burst and SARS epidemic, showcasing resilience.

### 3. E-Commerce Dominance (2010s):

- Alibaba's dominance in China's e-commerce market solidified.
- Launched Tmall for businesses, strengthening B2C transactions.

### 4. Global Expansion (2014 Onward):

- Set global expansion goals, emphasizing selling globally and serving two billion consumers.
- Acquired major stakes in international businesses.

### 5. Record-Breaking IPO (2014):

- Alibaba went public with a record-breaking IPO on the New York Stock Exchange.
6. **Diverse Ventures (2016 Onward):**
- Expanded into diverse sectors: cloud computing, digital entertainment, logistics, and more.
  - Achieved continuous financial success and market leadership.
7. **Present Success:**
- Alibaba is a global leader in e-commerce, technology, and various industries.
  - Jack Ma's vision, innovative strategies, and adaptability contributed to Alibaba's remarkable success.

Alibaba's remarkable growth can be attributed to several key factors, such as Focus on Small and Medium Enterprises (SMEs). Alibaba strategically targeted SMEs, recognizing their importance in economic development. This focus facilitated the platform's expansion and contributed to its overall growth (J. Fan et al., 2018).

E-Commerce Platform Success also becoming the caused. Since its inception in 1999, Alibaba experienced substantial growth on its e-commerce platform. The platform's success played a pivotal role in the company's overall expansion and influence in the business world (Kwak et al., 2019).

Efficient Decision-Making Processes is the key that Alibaba is holding the role. Alibaba transformed decision-making through a four-step analysis, enhancing its operational efficiency. This approach likely contributed to the company's ability to navigate challenges and capitalize on opportunities effectively.

Strategic Marketing Strategies also made Alibaba now independent. The success of Alibaba can be attributed to specific marketing strategies outlined in literature reviews. These strategies played a crucial role in the company's sustained growth and profitability (Wu & Gereffi, 2018).

Internationalization Strategy also important to Alibaba in growth. Alibaba's international expansion involved making appropriate adjustments based on different strategies and

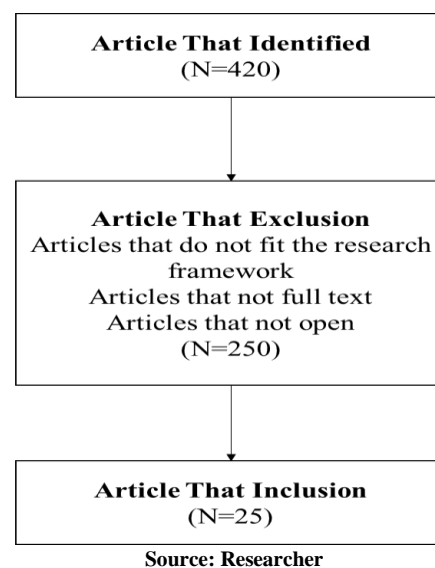
needs. This strategic approach allowed Alibaba to adapt to diverse markets, fostering its global growth.

Adaptability and Strong Performance made the day of Alibaba for today society. Despite encountering challenges, Alibaba maintained strong growth performance, as indicated in a study on the rise and fall of the company. The ability to adapt and consistently perform contributed to Alibaba's sustained success. In summary, Alibaba's growth can be attributed to a combination of strategic focus on SMEs, the success of its e-commerce platform, efficient decision-making, strategic marketing, internationalization, and adaptability to market dynamics (Schmuck & Benke, 2020).

## MATERIALS & METHODS

The design used is a literature review. The search method for scientific publication results for the period 2014-2023, used searches via Google Scholar and ProQuest. Based on the search results, 420 articles were found which were then filtered with the results being articles that met the inclusion criteria and were relevant. The inclusion criteria for this literature review are (1) articles related to the factors studied that can influence customer retention, while the exclusion criteria are (1) articles that do not fit the research framework, (2) not full text, (3) articles not open.

Study Inclusion and Exclusion Diagram



## RESULT

### 996 Work Culture

The "996" work culture is a controversial practice that gained prominence in China, particularly in tech companies like Alibaba. The term "996" refers to working from 9 a.m. to 9 p.m., six days a week, resulting in long and grueling work hours. This schedule has become an unwritten standard in many Chinese tech firms, emphasizing dedication and commitment.

Alibaba's founder, Jack Ma, publicly endorsed the 996 work culture, stating his support for the practice. However, it's worth noting that Alibaba, as a company, has claimed it does not enforce the 996 schedules on its employees, contradicting the industry norm. There have been debates about the impact of such intense work hours on employees' work-life balance and well-being (Qinjie, 2022).

While the 996 culture has been praised by some for fostering a hardworking ethos, it has also faced criticism for potential negative consequences on employees' health and personal lives. The discourse around the 996-work culture highlights the ongoing debate about the balance between productivity and the well-being of employees in the workplace.

### Alibaba Group: SWOT Analysis

Alibaba Group's SWOT analysis reveals its strategic position in the business landscape (Pai & Kumar, 2021):

#### 1. Strengths:

- **Market Dominance:** Alibaba holds a strong market position, especially in the Chinese online market.
- **Brand Loyalty:** The company has built a robust brand with significant customer loyalty, driven by platforms like Taobao and Tmall.

#### 2. Weaknesses:

- **Dependency on China:** Alibaba's main clientele is in China, making it vulnerable to changes in the Chinese market.
- **Limited Global Presence:** While a giant in China, Alibaba faces challenges in

expanding its presence globally compared to some competitors.

#### 3. Opportunities:

- **Global Expansion:** There is an opportunity for Alibaba to expand its reach globally and reduce dependence on the Chinese market.
- **Diversification:** Alibaba can explore diversification into new sectors to mitigate risks associated with its core business.

#### 4. Threats:

- **Regulatory Challenges:** Evolving regulations in China and other countries pose a threat to Alibaba's business operations.
- **Competition:** Intense competition in the e-commerce and tech industry presents a constant threat to Alibaba's market share.

### Alibaba vs JD.com

Alibaba and JD.com are two prominent players in China's e-commerce landscape, each with distinct strengths (D. Fan et al., 2021):

#### 1. Market Position:

- **Alibaba:** Known for its diversified ecosystem, Alibaba dominates the e-commerce market through platforms like Taobao and Tmall.
- **JD.com:** Positioned as a direct seller, JD.com focuses on a business-to-consumer (B2C) model, ensuring product quality and authenticity.

#### 2. Business Models:

- **Alibaba:** Operates as a marketplace connecting buyers and sellers, providing a wide range of products and services.
- **JD.com:** Manages its supply chain and owns inventory, ensuring a direct and controlled purchasing process.

#### 3. User Base:

- **Alibaba:** Boasts a larger user base and higher gross merchandise volume (GMV) due to its diverse platforms and services.
- **JD.com:** While its user base is smaller, JD.com focuses on a more curated and premium shopping experience.

#### 4. **Financial Metrics:**

- **Alibaba:** Generally, has a higher price-to-earnings (P/E) ratio and price-to-sales (P/S) ratio, reflecting market confidence in its growth potential.
- **JD.com:** Exhibits lower P/E and P/S ratios, potentially indicating a more conservative valuation.

#### 5. **Strategic Focus:**

- **Alibaba:** Emphasizes platform expansion, global reach, and investment in various sectors beyond e-commerce.
- **JD.com:** Concentrates on technological innovation, logistics efficiency, and a curated shopping experience.

### **Global Market Expansion of Alibaba Group**

Alibaba Group has strategically focused on global market expansion as part of its growth strategy. The company initiated its globalization efforts with key objectives (Rui, 2018):

#### 1. **Sell Globally:**

- Alibaba aimed to enable Chinese sellers to reach a global customer base by providing them with a platform to sell their products internationally.

#### 2. **Cross-Border E-Commerce:**

- The company actively engaged in cross-border e-commerce, facilitating the exchange of goods and services between China and other countries.

#### 3. **International Business:**

- Alibaba Group diversified its business to include international operations, not limiting itself to the Chinese market.

#### 4. **Marketplace Expansion:**

- Alibaba expanded its marketplace beyond China, allowing global buyers to access a wide range of products and services.

#### 5. **Strategic Goals:**

- The internationalization strategy of Alibaba included breaking down barriers for global trade, leveraging technology, and fostering collaboration between different markets.

However, there have been instances where Alibaba scaled back its global expansion

plans, as observed in 2022 when the company faced challenges meeting its targets in the U.S. market.

### **DISCUSSION**

Alibaba's global expansion has been a strategic endeavor aimed at establishing itself as a key player in the world market. The company, founded by Jack Ma, implemented several strategies to achieve global growth:

#### 1. **Market Diversification:**

- Alibaba strategically diversified its operations beyond China, expanding into major markets worldwide. This move allowed the company to tap into diverse consumer bases.

#### 2. **Cross-Border E-Commerce:**

- Leveraging cross-border e-commerce, Alibaba facilitated international trade, enabling businesses and consumers globally to engage on its platforms (Chow, 2019).

#### 3. **Global Vision:**

- Jack Ma's vision for Alibaba included surpassing traditional retail giants, evidenced by the company's global sales achievements, surpassing even Walmart.

#### 4. **Strategic Acquisitions:**

- Alibaba strategically made acquisitions, such as the \$13.7 billion acquisition of Whole Foods Market Inc., to strengthen its global presence and compete effectively.

#### 5. **Adaptation to Competition:**

- In response to competition, Alibaba has shown a willingness to adapt its mindset for global expansion, acknowledging the need for strategic adjustments (De Souza, 2019).

#### 6. **Digital Service Hub:**

- Alibaba's transformation from manufacturing-focused operations to a digital service hub reflects its commitment to evolving business models in the digital era.

These strategies collectively showcase Alibaba's commitment to global expansion, adapting to changing market dynamics, and leveraging digital technologies to enhance its footprint on a global scale (Jean et al., 2021).

## CONCLUSION

Alibaba is renowned for its e-commerce platforms, including Alibaba.com and Taobao. These platforms connect buyers and sellers globally, fostering online trade. Despite recent challenges, Alibaba maintains robust financials. Analysts highlight factors like consistent sales growth and a positive earnings history, contributing to its market standing. Beyond e-commerce, Alibaba has diversified into various sectors, including cloud computing and digital media. Notably, the company experienced growth in income from operations, driven by digital media and international commerce. Alibaba's success is not only reflected in its financial achievements but also in its evolution into a multifaceted global enterprise. Alibaba's success story is a testament to visionary leadership, effective strategies, and a commitment to continuous innovation. From its humble beginnings as an online marketplace, Alibaba has evolved into a global force, influencing various industries and setting new standards for success in the digital era. Alibaba's influence extends beyond e-commerce, showcasing financial strength, addressing legal challenges, and diversifying into emerging markets. As one of China's tech giants, Alibaba continues to shape the global digital landscape.

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