

ALIBABA GROUP: FROM ONLINE TO O2O

SUNGYOUNG HUH¹, SAEBOM LEE², SAERIM HONG³, YURIM LEE⁴, BOKYUNG KIM⁵,
DAYOUNGKO⁶, HAEYOON KIM⁷, BORAM HAN⁸ & SEUGHO CHOI⁹

^{1,2,3,4,5,6,7} Undergraduate Students, Department of Management, Ewha School of Business, EwhaWomans University,
Seoul, South Korea

⁸ Graduate Students, Department of Management, Ewha School of Business, EwhaWomans University,
Seoul, South Korea

⁹ Assistant Professor, Department of Management, Ewha School of Business, EwhaWomans University,
Seoul, South Korea

ABSTRACT

"One day I was in San Francisco in a coffee shop, and I was thinking Alibaba is a good name. And then a waitress came, and I said do you know about Alibaba? And she said yes. I said what do you know about Alibaba, and she said 'Alibaba and 40 thieves'. And I said yes, this is the name! Then I went onto the street and found 30 people and asked them, 'Do you know Alibaba?' People from India, people from Germany, people from Tokyo and China... They all knew about Alibaba. Alibaba — open sesame. Alibaba is a kind, smart businessperson, and he helped the village. So...easy to spell, and globally known. Alibaba opens sesame for small-to medium-sized companies. We also registered the name Alimama, in case someone wants to marry us"

Jack Ma has built Alibaba over a decade from a simple B2B Web site for manufacturers to a global online empire. These days, Alibaba Group is an extremely powerful force of e-commerce in China; it is similar to the combination of Amazon and e-Bay in China today. Since its inception, it has developed leading businesses in consumer e-commerce, online payment, B2B marketplaces and cloud computing, reaching Internet users in more than 240 countries and regions. Alibaba Group consists of 25 business units and is focused on fostering the development of an open, collaborative and prosperous e-commerce ecosystem.

Chinese e-commerce giant Alibaba Group is now dipping its toes into O2O business. With the involvement of online payment, O2O (Online To Offline) is a new business mode combining the online shopping and the front line transactions. O2O Commerce is the use of online and mobile to drive offline local sales or redemption. More simply put, it is offline purchasing propelled by the web. Unlike B2C and C2C where purchase of goods is packed and delivered to the hands of consumers, the O2O consumers can still go to enjoy the service offline. In the case of Alibaba, customers are then able to browse retail stores and purchase goods by paying using Alipay Wallet, a third-party online payment platform, and receive the discounts associated with buying goods online.

Not only for Alibaba, but also for other e-commerce companies, O2O commerce is a trillion dollar opportunity to capture the market. In this new paradigm, Alibaba is now attempting to seize the opportunity of O2O business to sustain the leadership by leveraging its core-competence, Alipay.

The purpose of this report is to focus on how Alibaba can succeed in O2O environment with its competitive advantage, specifically in Chinese market. This report will also provide solutions to the strategic issue by identifying

competitive advantages, and analyzing internal and external environment of Alibaba's current O2O business followed by analyzing those of competitors'.

KEYWORDS: Powerful Force of E-Commerce, O2O Commerce, Leadership by Leveraging, Strategic Issue