



國立臺北商業大學

National Taipei University of Business

The comparison of the cross-border electronic commerce model between Amazon and Alibaba

亞馬遜(Amazon)與阿里巴巴(Alibaba)之跨境電子商務
經營模式比較

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Contents

- ▶ 1. Introduction
- ▶ 2. Concept and classification of electronic commerce
- ▶ 3. The analysis of key matters of management between Amazon and Alibaba
- ▶ 4. Conclusion

Chapter 1. Introduction

1.1 Purpose of the study

- ⌘ Answer **why the strategies taken by Amazon and Alibaba through the digital technology are effective** to be the **leading giants** in the brutally competitive circumstances in retail industry.
- ⌘ The study **compares their eight dimensions** which are business flows, information flows, cloud computing, cash flows, delivery and logistics, online-to-offline services, international expansion and challenges.

1.1 Purpose of the study

- ⌘ According to Kim, Hong & Lin, Xiao Wei (2015), **four substantial dimensions**, business flows, information flows, cash flows and delivery and logistics are presented and applied in the research.
- ⌘ Pursuant to Xinyi Wu and Gary Gereffi (2019), **three dimensions**, online-to-offline services, international expansion and cloud computing are presented and applied in the research.
- ⌘ The study includes Daniel C.K. Chow (2020) **counterfeiting issue** and Xinyi Wu and Gary Gereffi (2019) **internet governance issue** as the **challenge dimension**.

1.2 Literature Review (the study is most influenced by these three papers)

Author	Research dimensions	Research conclusion
Daniel C.K. Chow (2020)	The sales of counterfeit goods through the electronic commerce	Brand owners can use information technology tools to help create an deterrent to counterfeits on the Internet.
Xinyi Wu and Gary Gereffi (2019)	Digital capabilities, physical asset-building strategies and the Internet governance environment	Internet governance poses the potential challenge for Amazon and Alibaba.
Xu, Fei Fei (2016)	Matching, assembling and knowledge management	Amazon and Alibaba share the same goal that keep growing and delivering value to stakeholders.

1.2 Literature Review

- The early literature **lacks the comprehensive perspective to investigate the business model comparison between Amazon and Alibaba**. The study tries to build the **macro perspective** to develop comprehensive and helpful observations and findings.

1.3 Methodology

- The research design is a comparison design utilizing **case study methodology**.
- Case study (Yin, 2009) is the most appropriate way to study "what" and "why" .

1.4 Limitation

- The study lacks the first-hand information and the quantitative analysis.
- The newly developing operations of finance, digital entertainment and initiative investment of Amazon and Alibaba are not included in the study.

Chapter 2. Concept and classification of electronic commerce

2. Concept and classification

- Electronic commerce is a set of transactions made totally by online networks.
- Cross-border electronic commerce is a new pattern of trade, which has developed with the spread and advancement of the information communication technology.
- B2B
- B2C
- C2C (auction)

2. Concept and classification

- Kao (2005) proposes that **uniqueness of electronic commerce** can be observed from several points. Kao proposes that **first, the open and de-centralized design and structure of the Internet and its far-reaching**, global proliferation enables a small online start-up to enter a worldwide market with a relatively trivial initial cost.

2. Concept and classification

- Secondly, electronic commerce is different from offline transactions because **electronic commerce transactions are carried out with the use of computers.**
- Thirdly, electronic commerce is different from offline commerce because **most state legislatures' effort to regulate electronic commerce is still rudimentary.**

2. Concept and classification

- Finally, electronic commerce is distinctive from its offline counterpart because **it attracts huge attention from governments.** The stimulation of technological innovation and generation of substantial business are the major incentives behind governments' interests in promoting electronic commerce (Kao, 2005).

2. Concept and classification

- This research selects the source of the **strategic network, positioning within an industry including strategic groups and barriers to mobility**, to investigate the classifications of electronic commerce.
- B2B
- B2C
- C2C (auction)



Jeffrey P. Bezos

Founder, Chairman, and
CEO of Amazon

Background

Mr. Bezos has been Chairman of the Board since founding the Company in 1994 and Chief Executive Officer since May 1996. Mr. Bezos served as President from founding until June 1999 and again from October 2000 to the present.

Qualifications and Skills

Mr. Bezos' individual qualifications and skills as a director include his customer-focused point of view, his willingness to encourage invention, his long-term perspective, and his on-going contributions as founder and CEO.

Age:
56

Director since:
July 1994

Board committees:
None

Other current public company boards:
None

amazon | science

Customer-obsessed science

Amazon's platform ecosystem



Reference:author



我們的使命

讓天下
沒有難做的生意

7.80億
消費者來自中國⁽²⁾



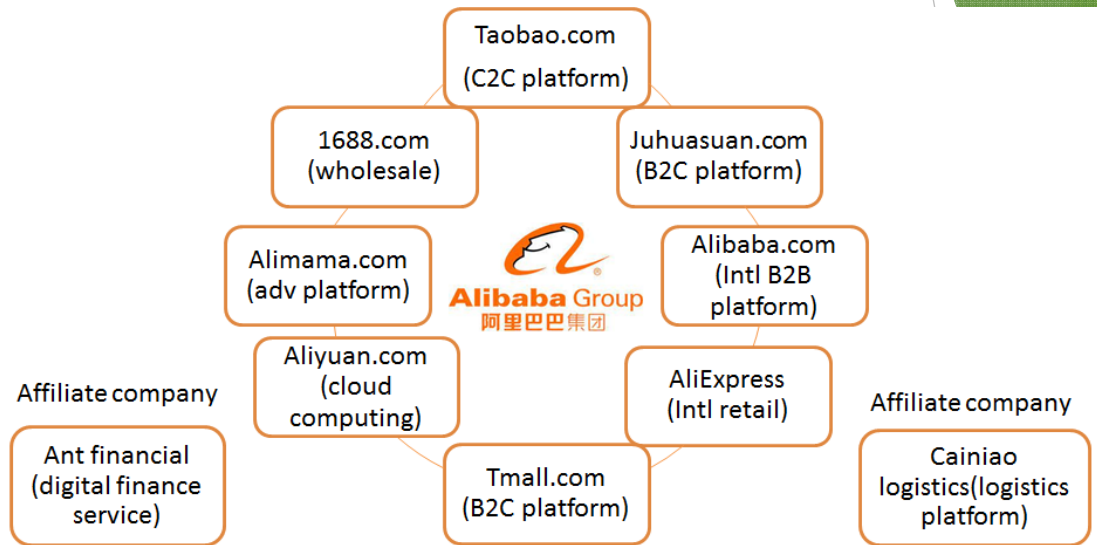
**超過
1.80億**
消費者來自海外⁽³⁾



Alibaba's CBBS market system



Alibaba's platform ecosystem

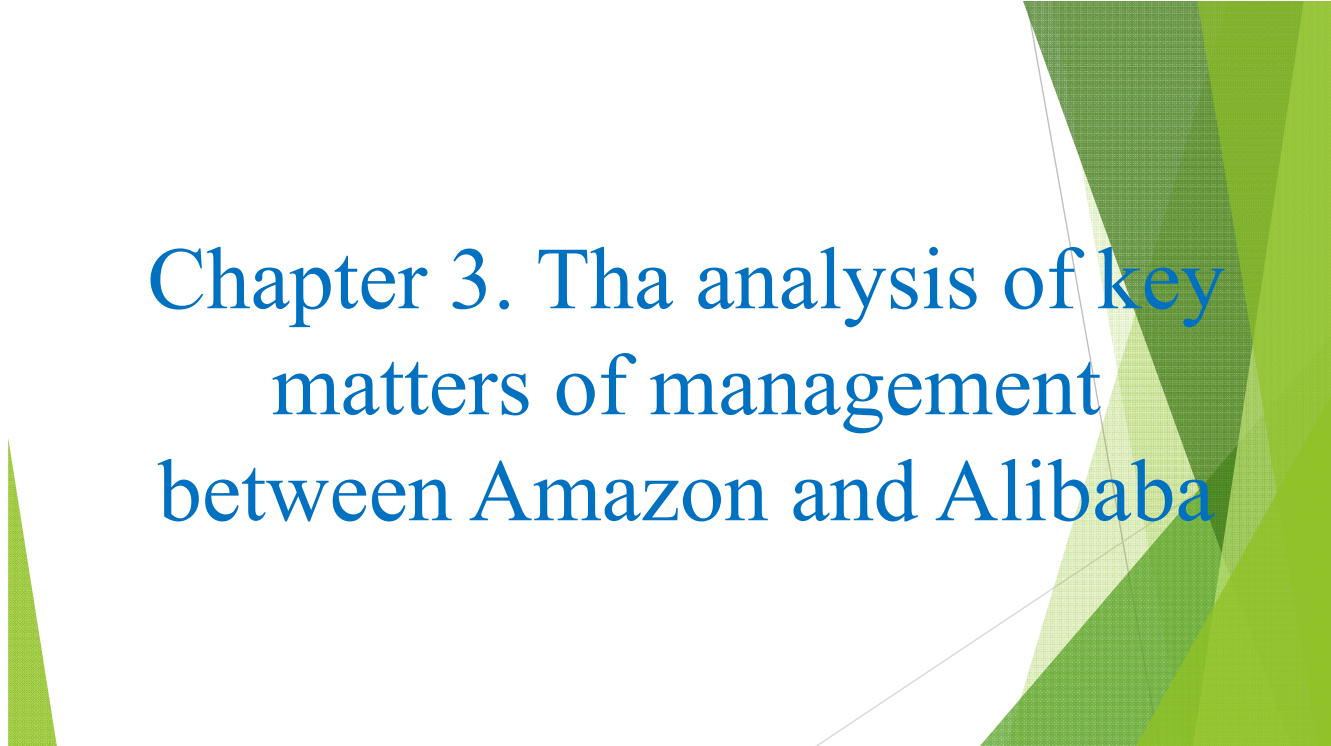


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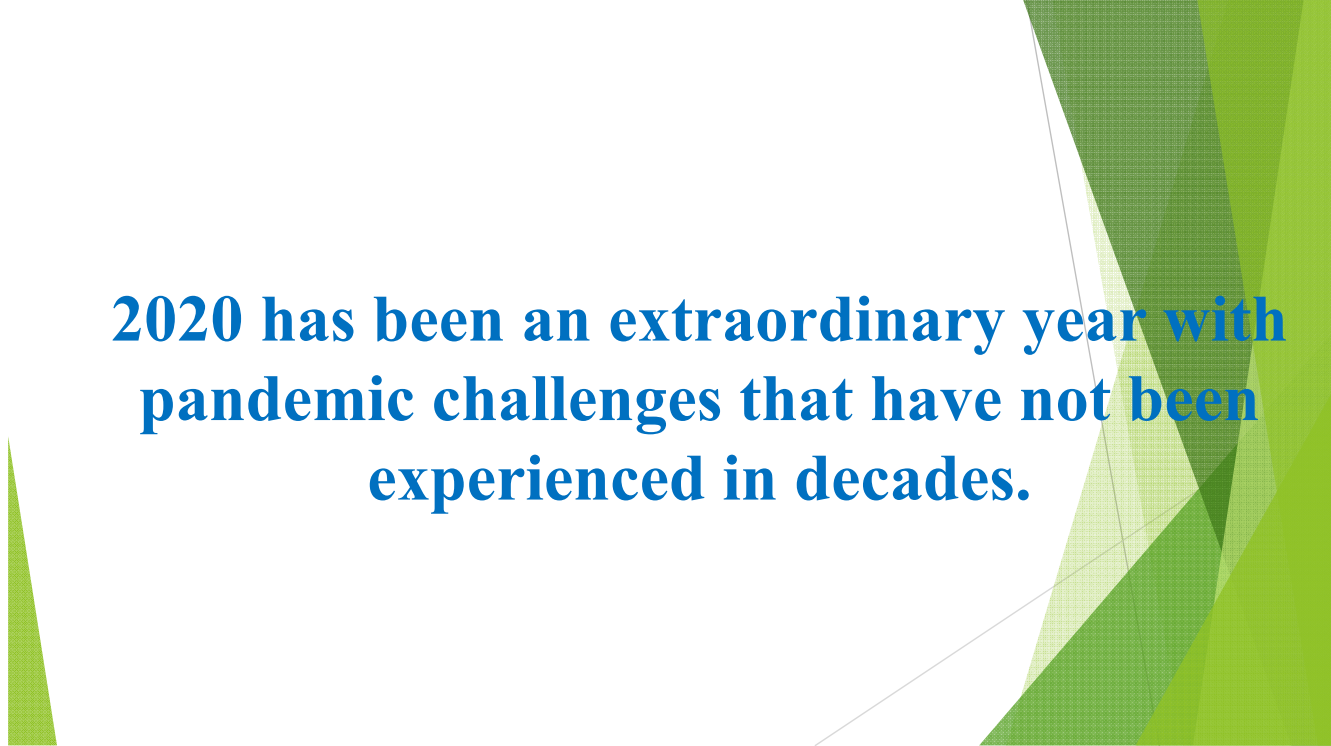
Amazon and Alibaba, two electronic commerce giants

	Amazon	Alibaba
Public Offering	1. New York Stock Exchange in May 1997	1. Alibaba group publicly offered on New York Stock Exchange in Sep 2014
Core value	Obsessed with customers	Building the world without the difficulty of business
Vision	Sell everything on the electronic platform	Open platform for everybody over the world

Reference:author



Chapter 3. The analysis of key matters of management between Amazon and Alibaba



2020 has been an extraordinary year with pandemic challenges that have not been experienced in decades.



Digitalization is the opportunity in nowadays

Changing how people live

**Changing approach to work and
education**

Changing business operations



**3.1 Digital capability
and cloud computing**

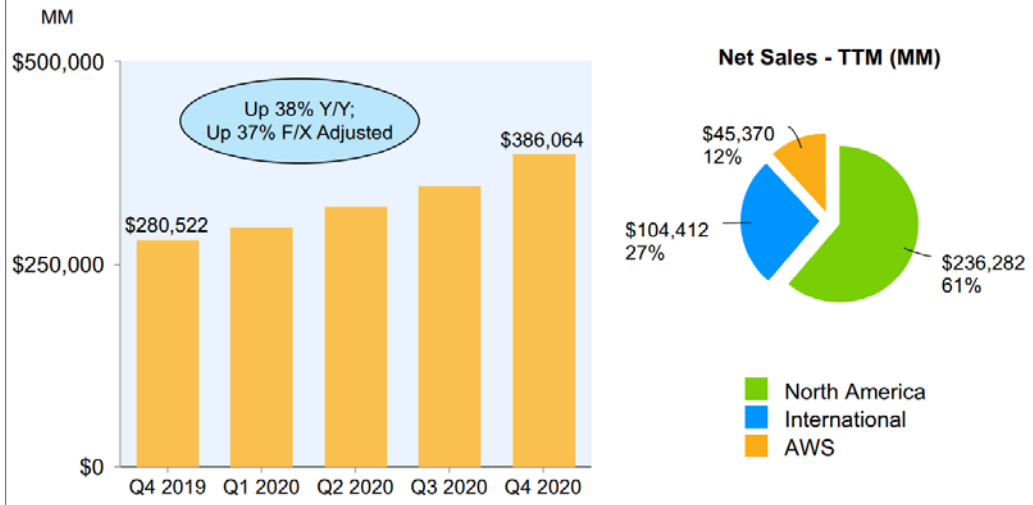
3.1.1 Business flows- operations and customers

Business flows	Amazon	Alibaba
Platform	1. Amazon.com (1995)	1. Alibaba.com (1999) 2. Cainiao (2013) (delivery platform)
Cloud computing	1. Amazon Web Services (2002) 2. Amazon Simple Storage Service (S3)(2006) 3. Amazon Elastic Compute Cloud (EC2) (2006)	1. Ali cloud (2009) 2. Alisoft (2007)

3.1.1 Business flows- operations and customers

Business flows	Amazon	Alibaba
Operating segments (accounting)	1. North America 2. International 3. Amazon Web Services	1. Core commerce 2. Cloud computing 3. Digital media and entertainment 4. Innovation initiatives and others

Net Sales – TTM



核心商業

<p>中國零售商業</p> <p>TMALL 天猫</p> <p>淘宝 Taobao</p> <p>盒马 FRESHIPPO</p> <p>天猫超市</p> <p>阿里健康 AllHealth</p>	<p>批發商業</p> <p>1688</p> <p>零售通 Alibaba LST</p>
<p>跨境及全球零售商業</p> <p>AliExpress</p> <p>Lazada</p> <p>天猫国际</p> <p>考拉海购</p>	<p>批發商業</p> <p>阿里巴巴全球速賣通 Alibaba.com</p>
<p>生活服務</p> <p>饿了么 ele.me</p> <p>口碑</p> <p>飞猪 Fliggy</p>	
<p>核心商業及新零售業務相關物流基礎設施</p> <p>菜鸟</p> <p>蜂鳥</p>	
<p>營銷服務及數據管理平台</p> <p>阿里媽媽</p>	
<p>支付及金融服務基礎設施</p> <p>螞蟻集團</p>	
<p>技術及系統基礎設施</p> <p>阿里雲</p>	

阿里巴巴數字經濟體中的基礎設施要素

數字媒體及娛樂

YOUKU	大豐
阿里大戲院 Alibaba Pictures	蝦米音樂 Xiami Music
	書旗

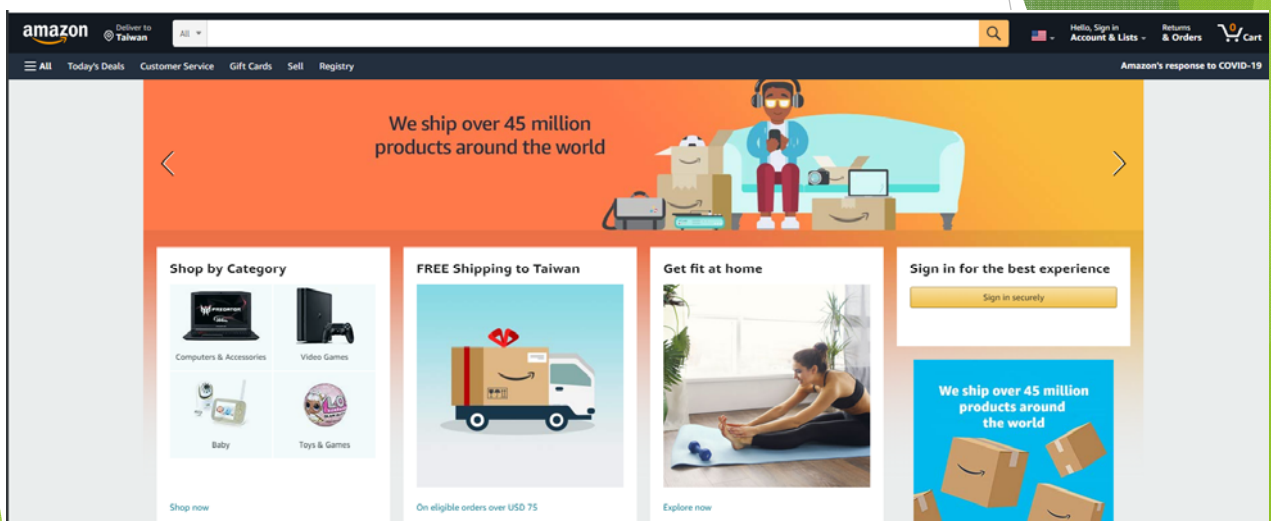
創新業務

高德地圖 amap.com	釘釘 DingTalk	天貓研充 Tmall Research
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數字媒體及娛樂業務相關數據技術

3.1.2 Information flows- platform

	Amazon	Alibaba
Information flows - platform	1. B2B Amazon business local and international 2. B2C Amazon.com (1995) local and international 3. C2C Sell on Amazon (1999) local and international	1. B2B Alibaba.com (1999) local 2. B2C Tmall.com (2008) and Juhuasuan.com (2010) local AliExpress (2010) international 3. C2C Taobao.com (2003) local



中國
零售商業

TMALL 天猫

淘宝
Taobao



跨境及全球
零售商業

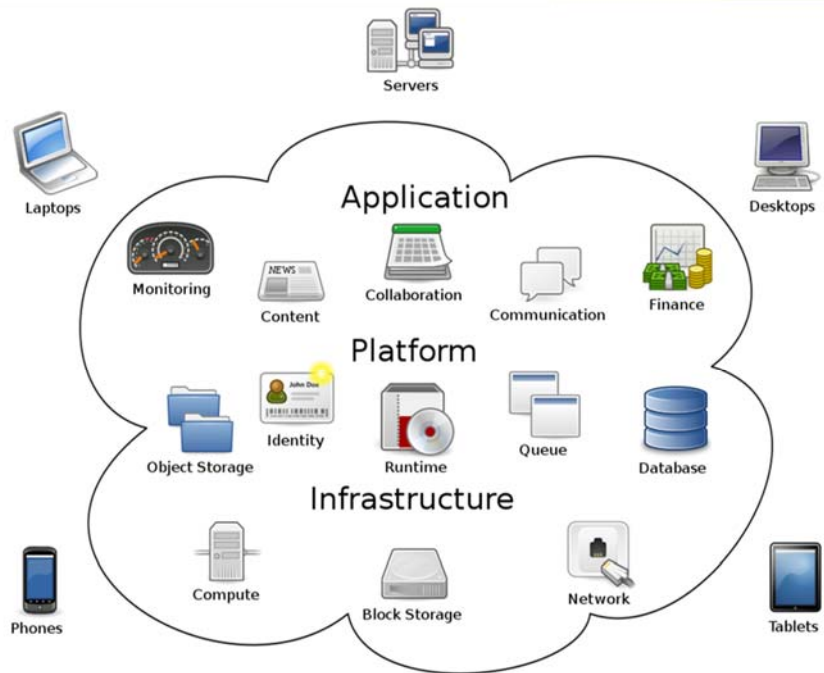
AliExpress



TMALL GLOBAL
天猫国际



Cloud computing



3.1.3 Cloud computing

	Amazon	Alibaba
Cloud computing	<ol style="list-style-type: none"> 1. Amazon Web Services (2002) 2. Amazon Simple Storage Service (S3) (2006) 3. Amazon Elastic Compute Cloud (EC2) (2006) 	<ol style="list-style-type: none"> 1. Ali cloud (2009) 2. Alisoft (2007)
Well-known customers	<ol style="list-style-type: none"> 1. NASA 2. FBI 3. Market shares larger than the sum of Microsoft and Google 	<ol style="list-style-type: none"> 1. Chinese start-ups 2. Market shares larger than the sum of JD.com and Pinduoduo.com

3.1.4 Cash flows

	Amazon	Alibaba
Cash flows	<ol style="list-style-type: none"> 1. Paypal Local and international 2. Apple pay Local and international 3. Amazon pay (2007) Local and international 	<ol style="list-style-type: none"> 1. Alipay (2004) Local and international 2. Ant financial services (2014) Local

3.1.5 Delivery and logistics

	Amazon	Alibaba
Delivery and logistics	<ol style="list-style-type: none">1. Warehouses and fulfillment centers (FC) (first built in 1997 with two fulfillment centers in Seattle and New Castle)2. Amazon Air (cargo airline) (2015)3. Amazon Prime Air (drone-based delivery) (2016)4. Amazon Lockers (2011)	<ol style="list-style-type: none">1. Cainiao Network (2013)2. Open logistics platform (Cainiao network) (2013)

3.1.6 Online-to-offline services

	Amazon	Alibaba
Delivery and logistics	<ol style="list-style-type: none">1. Amazon fresh (2017)2. Amazon home services (2015)3. Whole foods Market (acquired in 2017)4. Amazon pharmacy (2020)5. Amazon care (2019)	<ol style="list-style-type: none">1. Hema fresh (2017)2. Ali health (2015)3. Alitrip (2014)4. Koubei (2015)5. Taobao Movies

3.2 International expansion

3.2 International expansion – focus on southeastern Asia

	Amazon	Alibaba
International – Southeastern Asia	<ol style="list-style-type: none">1. Amazon expand its operations into 14 foreign countries over the 2000s with separate websites.2. Amazon targets Southeast Asia' s electronic commerce sector by building fulfillment center in Singapore.	<ol style="list-style-type: none">1. Alibaba solely has two platforms facing the international market, AliExpress and Alibaba.com.2. Alibaba acquired Lazada electronic commerce platform which is based in Singapore. (acquired in 2016)

3.3 Challenges

3.3.1 Internet governance

	Amazon	Alibaba
Internet governance challenges	<ol style="list-style-type: none">1. Internet governance in the US requires Internet providers to give consumers equal access to all content online.2. State sovereignty is not the only voice of Internet governance in the United States.	<ol style="list-style-type: none">1. China government is releasing a multi-tier trend to prioritize the state control.2. Alibaba can be the largest EC corporation in China partially because of the strictly restriction on foreign investment.
Key issue	<ol style="list-style-type: none">1. Personal data protection2. Users big data management, such as credit	

3.3.2 Counterfeiting

	Amazon	Alibaba
Counterfeiting issue	<ol style="list-style-type: none">1. Amazon will source products from other third-party vendors.2. Amazon decided in 2015 to attract Chinese manufacturers to sell directly to U.S. consumers on its electronic commerce website.3. Amazon's warehouses will co-mingle products from the brand owner and from other third-party vendors.	<ol style="list-style-type: none">1. Counterfeits are found in abundance on Alibaba's websites.2. Ma believes that there is a normative justification for Alibaba's support of counterfeits.3. Fake products today in China are of better quality and better price than the real names.

4. Conclusion

4. Conclusion

Business model comparison	Amazon	Alibaba
Differences	<ol style="list-style-type: none">1. Amazon tends to be the heavy asset model to run its electronic commerce.2. Amazon tries to build their own kingdom to invite all kinds of sellers to be the lords in it.	<ol style="list-style-type: none">1. Alibaba tends to be the light asset model to run its electronic commerce.2. Alibaba builds themselves as the ant agency to serve all kinds of sellers to make the deal easily.

4. Conclusion

Business model comparison	Amazon	Alibaba
Similarities	<ol style="list-style-type: none">1. They focus the digital technology development.2. They focus on the market demand more than regulations and government.3. They expand the operations over the world, especially emerging country India and Southeastern Asia.4. They emphasize the supply chain management carefully to serve the customers as soon as possible, especially cash flows and logistics.	

4. Conclusion

Business model comparison	Amazon	Alibaba
Similarities	<p>5. They combine the platform, information, logistics, cash payment together to serve the customers as the circular integration. It can be called electronic PLIC service model for the research, ePLIC model in short.</p> <p>6. ePLIC model can be classified as the Jonit Design Development Sale (JDDS) for Amazon and Joint Service Development Sale (JSDS) for Alibaba in the research.</p>	



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Thank You

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