

Yahoo: Relationship Crisis with Alibaba in China

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Customer and supplier

COMPANY	2009	2008	2007	2006	2005	2004
Revenue	1,200	1,100	1,000	900	800	700
Profit	200	180	160	140	120	100
Market Share	15%	14%	13%	12%	11%	10%
Customer Satisfaction	85%	84%	83%	82%	81%	80%
Supplier Satisfaction	75%	74%	73%	72%	71%	70%

conclusion

Alibaba, as a multinational company, needs more coordination because of uncertain working environments and the variable led of decision-making. Headquarters managers are supposed to design appropriate systems to take into account those uncertainties and to evaluate performance.

Content

- introduction
- Stakeholder theory
- problems & causes
- solutions
- conclusion

background

- 1998 Alibaba official operating
- 2003 Taobao established
- 2007 Alibaba successfully listing
- 2010 successfully acquisition of eBay Express
- 2012 yahoo! 7.8 billion dollars in shares repurchase plan was completed

problem and solution

Credibility and reliability is very important for suppliers and suppliers. The problem with customer and supplier perspective are who has the responsibility to verify the credibility and reliability and how does the company tailor or create the trust during the trading.

summary

Company: Problem: Cause of problem: Impact on stakeholders: which strategy: Credibility: who and how to build: Introduction: background: introduction: Development: Future: what is the goal and how to achieve it: Introduction: what is the problem and how to solve it.

Introduction of Alibaba

- founder: Jack Ma
 - founded on September 10th, 1999
 - world's second largest internet companies
 All B2B own offices and joint ventures in the worldwide
 Sub brands : China Yahoo, Taobao, Alipay , shrimp music , cloud computing, etc.

Customer perspective

- Customer's level of buying behavior
- Company's ability to respond to customer's needs
- Customer's perception of the company's reliability
- Customer's perception of the company's credibility

competitor--- eBay VS Sina

1. eBay: global online shopping market
 2. Sina: Alibaba has listed on the stock market
 3. eBay: Alibaba has listed on the stock market
 4. Sina: Alibaba has listed on the stock market

Problems of political environment in China

Infrastructure control
 - The Chinese internet market was heavily regulated by the government, including geographic, cultural and economic factors.
 - Less effective copyright, trademark protection, the Data Security etc.
 - State intervention: the web content is forbidden to state owned companies.

questions

1. How can Alibaba build trust with its customers?
 2. How can Alibaba build trust with its suppliers?
 3. How can Alibaba build trust with its partners?
 4. How can Alibaba build trust with its employees?
 5. How can Alibaba build trust with its investors?

Competitor---Yahoo!China VS Baidu

Baidu was ranked in the search engine market. Baidu was ranked in the search engine market. Baidu was ranked in the search engine market.

Supplier perspective

- Lack of technical skill in SME.
- Alibaba building activities and events for SME's management expertise, entrepreneurial spirit and etc.
- Dis-Trust between customers and suppliers
- gold membership

Competitor--- eBay VS Taobao

"guanxi" - Chinese concept, broadly defined as a close and pervasive interpersonal relationship.
 - In China, business is not only business but social contact.
 - Taobao: Alipay VS eBay: kept the users' information payment.
 - Taobao: Alipay VS eBay: lack of a secure online payment system.

Problems of legal environment in China

Imperfect laws on e-commerce
 - great progress has been made on the legislation in the fields of e-commerce and the Internet.
 - new laws on e-commerce still need to be improved constantly.
 - like consumer protection, false products sales on-line etc.

Alibaba case study group 6

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internet users 08-12

Year	Internet Users (Millions)
2008	100
2009	110
2010	120
2011	130
2012	140



Alibaba case study

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problem and solution

Credibility and reliability is very important for importers and exporters, the problem with customer and supplier perspective are who has the responsibility to verify the credibility and reliability and how does the company reduce or avoids the fraud during the dealing.

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Customer perspective

1. Customers are afraid of buying fake goods

Everyone in Alibaba shoppers can enjoy the “fake a penalty ” or “return the different ”service, to protect customer's safety, low-cost shopping.

2. Customers refused to send money to sellers before they had received the goods while sellers were unwilling to ship the goods until they had received payment.

Alipay payment system

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Supplier perspective

1. Lack of technical skill in SME.

Alibaba building activities and events for SME's management expertise, entrepreneurial spirit and etc.

2. Dis-Trust between customers and suppliers

gold membership

internet users 08-12

Rank	Country	2008-2012 Internet User Adds (MMs)	2012 Internet Users (MMs)	Y/Y Growth	Population Penetration
1	China	264	564	10%	42%
2	India	88	137	26	11
3	Indonesia	39	55	58	23
4	Iran	35	42	205	55
5	Russia	33	70	6	49
6	Nigeria	31	48	15	30
7	Philippines	28	34	32	35
8	Brazil	27	88	6	45
9	Mexico	19	42	9	37
10	USA	18	244	3	78
11	Argentina	17	28	57	68
12	Egypt	17	30	11	38
13	Colombia	14	25	39	54
14	Turkey	13	35	17	47
15	Vietnam	12	31	7	35
Top 15		654	1,473	15%	34%
World		902	2,406	8%	34%