The Rise and Fall Ali Baba Company Has Encountered Throughout Their Success

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ABSTRACT

Having a company, it comes with the opportunities to prosper or the risk of falling. Any company needs to go through this moment for it to keep on growing. The purpose of this paper is to examine the rise and fall of Alibaba throughout its success. The study used mostly known factors from other research results on Alibaba Company and analyze those factors effect on ups and downs of Alibaba. Some of the factors including Jack Ma's relation with investors and customers, business model, integrated ecosystem, and such. This study improves the understanding of circumstances that a company will have to go through which can be utilized by top management to strategize their plan.

Keywords: Alibaba Company, Factors, Organizational Success, Rise and Fall, Success

INTRODUCTION

Alibaba Company is a most important public offering in the year 2014 (Zeng, M, 2018). It had a stuck through China e-commerce because the economy was rushing and the personal consumption expenditure was rising very strongly (Billboard. 2020). In two months, the shares reported increased by 76% from the Initial Public Offering (IPO). After that, the shares all fall down. Alibaba Company came with risk from a China federal agency. The company cut the deals that perplex investors and it replace the company’s CEO as a result of its growth falling down. Besides, China’s economy became not stable, threaten the increase in personal consumption expenditure of the company wanted. Its stock fall heavily and right down to the IPO cost and then very down. The founder of the company stated about making the e-commerce company higher a global player even before Alibaba went online. In 1999, Jack Ma remake a workforce with his friends at Alibaba Group’s first staff meeting. They met in an exceedingly cement-floored flat in Hangzhou. At the time, few Chinese only were online.

Investors who watched US$128 billion (S$179 billion) in market value disappear should not look forward a cancellation any time soon. Atlantic Equities’ James Cordwell, the well-known analyst covering the stock, estimate the undercut e-commerce transaction
growth will get slow in Chinese economy until at least 2016. Many of Alibaba's difficulties acquire from the no control of domestic economy. There were also early missteps. Alibaba's chairman and co-founder Jack Ma has expressed that the third priority after customers and workers would be the shareholders, and that he and his partners not agree with short-term market volatility to distract from structuring a successful business for the future. Alibaba vice-chairman Joseph Tsai said that "We don't think about events backward looking, we try to look forward" in an interview. With the announcement of the US$15 billion deal, The Hangzhou-based company is attempting to hit over e-commerce. It's getting harder to rationalize, as most of its outlay ensure tactical feel. Mr Ma's and his partners' aim for Alibaba to enhance in the coming decade beyond commerce and the company's approach may help, even though no additional earnings provided and haven’t tell when they able to do it. This month, Barron's magazine evaluated the stock might raise to 50%, but other analysts have not given up on Alibaba.

Alibaba is a largest e-commerce started in China. It is fundamentally a Technological Industry which found in 1999 by Hangzhou, Zhejiang (Yip, A. C. Y., Huang, M., & Chow, P.-S., 2016). The Alibaba Group of Company found and led by Jack Ma. Alibaba Company gives Business to Business (B2B), Consumer to Consumer (C2C), and Business to Consumer (B2C) sales services through online by implementing a new electronic payment such as Alipay (Graphics, W., 2020). Alibaba Group’s major businesses expanded into Taobao Marketplace, Tmall.com, Juhuasuan, AliExpress, Alimama, Alibaba.com., Aliyun (Alibaba Cloud Computing), Cainiao Logistics and many more (Asia, R, 2016). In order to meet company vision and mission, Alibaba has gone through rise and falls throughout their journey of success. Alibaba Company is also known as the most admired company because of their trusted services in the world.

In the beginning of journey, they have 400 employees and started to gain profit in 2002. SARS outbreak which started around 2003 has affected Alibaba businesses because of shutdown occur and all of the employees must follow the stay-at-home orders. As a result, Alibaba's sales have dropped significantly in the early growth. Even Ma faced difficulties to do a strong come back, he implemented Taobao site as a hope for Alibaba on the same year. During SARS outbreak, Alibaba gained positive feedbacks with the drastic increased in online platform due to the changes in customer behavior of buying goods via online. In 2004, Alipay has introduced by Alibaba. Furthermore, its online sales and profit go beyond the expected performance of all US sellers merged in 2015. Alibaba’s competitor, Tencent is one of the top world largest company that been competing for valuable company. In 2017, Tencent valued over US$500 billion has catch up Alibaba by leading as first Asian Company. In 2018, Alibaba wins over Tencent in their profitability and customer satisfaction as their competitors have slowed down on operation. Alibaba also honored as the world’s biggest online and offline shopping day on the edition of 2018.In September 2018, Alibaba announced Jack Ma will be resigning as chairman of the board. The current CEO of company, Zhang has replaced Jack Ma's place as a new chairman. Ma decided to keep contribute on the Alibaba board of directors until annual shareholders meeting is held. According to data provided by S&P Global Market Intelligence, Alibaba Group (NYSE: BABA) rose to 55% and has registered share for sale at a strong growth performance in 2019. Alibaba begun to maintain their strong performance at the year end of each failure.

In 2019, Alibaba's move forward to a great start. The stock rose as much as 40%year to date in early May. Since, the investors were frightened due to the de-escalate
the trade war, the stock gave in to a rise about 9% one month later. In September, Jack Ma has retired from his post as Alibaba's executive chairman. In 2020, Ma no longer holding his CEO position and largest shareholder, after he retired last year. Due to the Covid-19 pandemic, the income from operation of Alibaba Company was slightly decrease to 19% year-over-year. Although the income from operation decrease, the e-commerce revenue of Alibaba Company still increases to 332.75 billion yuan in Chinese online sales. Alibaba's CEO decided to help the wholesalers by lowering the fees it charges and giving subsidies for delivery personnel. This decision assists the merchants to avoid the bigger loss during outbreak. Alibaba also facing problem in delay in employees returning to work after outbreak. This will affect the shipments, packaging the orders. There are lots of problems faced by Alibaba Company during this pandemic, but they also manage to solve the problems and also maintain their e-commerce revenue in a good condition.

Literature Review
From 1998 until 2001, Alibaba went through major changes like when they provided free data and information to the suppliers in order to manipulate the current market that they are in. During that stage, in the World Wide Web, China’s trade market being the way it is, still was in the niche phase with the emergence of information phase. Having an understanding and get a hold of the gains from the circumstances, Jack Ma came to term with the demands of SMEs in China to set foot in the B2B e-market and therefore gave them free online services and information. In Mainland China, Alibaba went through certain hurdles within the market. Nonetheless, they were able to further enhance on some aspects to raise its dominance and be a highly desirable B2B platform. For Alibaba's improvement in China, two practical suggestions include, improve the efficiency of local logistic and lessening cases of fraud. In an emerging and fast-developing country such as India, Alibaba do have a huge possibility to expand world widely. Fraud was among first problem they encountered. There are two singled out ways in which a purchaser could get ripped off according to Alibaba: delivery of damaged or defective products and payment frauds. This is due to the Fair Play Fund, Gold Supplier and AllSourcePro membership services are not 100% efficient. In 2009, 1,219 identified as cases of fraud and in 2010, it was 1,107 with an average value per less than $1200. 36 arrests were made in 2011 connecting back to operating frauds related with Alibaba.com, where the suspects created fake accounts to scam foreign purchasers amounting over $6 million (Lee, M, 2011).

The next identified problem is logistics. Logistics management is such an important process for Alibaba. Poor condition of roads which were results of undeveloped infrastructure made difficulties for Alibaba.com to transport to and from rural regions efficiently. Transportation of goods and the highway system are not systematic and most highways would not reach the rural regions. One practical action to curb the logistics problem is at centralized points between the source and destination area they can create warehouses in fact, Jack Ma himself stated enhancing China’s warehouse logistics should be prioritized. Also expanding Alibaba is important too. It had a significant dominance in China but has also lots of competitors so it cannot keep a constant growth in only its local market by controlling it. Alibaba.com have to set eyes on developing economies to maintain its success. India is one such country that promises growth and development, because it already has a best possible economic environment.
RESEARCH METHOD

Analysis methods of the study is generally referring to using quantitative analysis or use the qualitative analysis. Different research problems often require different methods of analysis at the exploration stage of the study.

We have carried out a qualitative research to gain information as we want to understand the company on the factors including Jack Ma's relation with investors and customers, business model, integrated ecosystem, marketing strategies and new transaction patterns. Firstly, we use journal as the main reference to do our project. The research paper of the journal helps us to get more information and strategies use by Alibaba company of their rise and fall factors. The analysis is explained by using this material with information research in the journal. Statistics and graphs help to know about the company operation flow.

Secondary data collection has been collected from internal site, every company has its own business data since the establishment, especially the e-commerce industry attaches great importance to product data, sales data, membership data, because the electronic commerce system background will have inventory for data collection and data analysis. Hence, the information that we have gain about the company is from the company website (www.alibaba.com). Most of the information of the company have already disclose at the website. Example of the information that we gain from there is all kind of service that they provide, the customer review of the company which is mainly positive, how many workers they have, the layout of the company, the location, the services, technologies of the company, their project and others. Beside from all above, we have also taken initiative to do consultation with seniors that have done the project using the different company. The seniors provide many useful information that we are using in this report and lastly, we do consultation with lecturer to have more understanding knowledge on how to do this project.

Such relevant business data is a huge resource, effective utilization could provide data support for this research. In addition, the public publications, journal article, Internet, search engine and so on all can help to quickly find the required data.

Finally, we have tried to contact Human Resource department of Alibaba Company to gain some information on the rise and fall throughout their success. Unfortunately, due to Covid pandemic, we unable to contact them where our email is not replied.
RESULT AND DISCUSSION

Jack Ma's Relation with Investors and Customers
Having a good bilateral relationship between customer or investors and owner of a business is very important for the business to flourish. For Alibaba, it was one of the reasons that contributed to rise and fall of Alibaba. Pampering investors is what Jack Ma, Alibaba's chairman and co-founder is not known for, where it is quite the opposite. They stated that shareholders would be the third priority after customers and employees, in a letter with the IPO filing (Logistics & Warehousing - China’s Weakest Link., 2014). He and his co-founders was not interested in short-term market volatility as it can distract them from developing a successful business when it goes through long term. It is well known, most of Alibaba's problems acquire from a domestic economy over which it has no hands on. With acknowledging certain wrong steps during their earlier year, Alibaba is not the one for self-examination. "We have made our mistakes and we learned from them." stated by Vice Chairman Joseph Tsai in an interview. But this aspect of putting customers in priority has caused the rise of Alibaba as well which undeniably lead to its success.

Customers seemed to like this approach of Alibaba putting customers as their priority. It has been proved that relationship between business and customer is crucial by this international journal of organizational leadership 2012, Vol 1 with the title Customer Relationship Management and Business Strategies (Chittiae, R.,2012). In the journal, it is stated that in the conclusion that Customer relationship management is a business strategy designed to identify, attract, retain and develop customers, and is inspired by the motives of profitability, success in the future, and enhancement of companies' and organizations' ability to go into competition with others in the global market (Chittiae, R.,2012). It focuses on development and improvement of more relations with customers, as a combination of individuals, procedures, and technology, to obtain a clear understanding about organization's customers and have a coherent strategy on relationship management. Par with our research here, Alibaba has always listened to its customers and provided them with what they want. Alibaba even stated that they
see at technology through the eyes of their customers. It can be said that all the success that Alibaba has seen over the years, has been obtained through placing customers as priority. This can be clearly looked upon by their way of obtaining knowledge and understanding of the Chinese Market, which has influenced their approach to even their product variety. “Focus first on customer satisfaction and second on teamwork. Shareholders’ interests come third because they are outcomes, not inputs.” stated by Jack Ma, Alibaba chairman and CEO.

Their look towards needs of customers was not a huge gain at the beginning until Alibaba introduced Taobao, its consumer e-commerce site, and along with Alipay, its online payment system. This is because, eBay obtained EachNet, which is a company that had 80 percent of China's small consumer e-commerce market. This led to Alibaba's downfall and they started to see their customers’ needs and bonded a relationship with them by providing what they need, and that's how Taobao and Alipay came into existence. As giving what customer wanted, Jack Ma promised Taobao would be free for three years, undercutting eBay's fee-based model which caused seller and buyer in the site get things at more reasonable prices.

Alibaba’s relationship with both investor and customer took hit on its development. Today's world can see that Alibaba having statement that shareholders would be the third priority because they are having long-term vision instead of short-term had impacted Alibaba getting investors at initial stage. As they progressed more with customer relationship and their satisfaction, automatically Alibaba started to grow, and it attracted more investors and continue to make profit. Management of a company should try to come to see at both perspective of what investors and customers want and meet the middle ground. This would help a business to progress even further and expand more.

**Business Model**

Business models explain how the business operates, identify sources of revenue, the customer base, products, and details of financing can be plan successfully. In October 2014, Alibaba gathered all its travel booking website beneath a new brand name, Alitrip, to solidify all marketing efforts on its business-to-consumer platform. It points to harvest the advantage of the fast-growing Chinese travel market by capitalizing on Alibaba’s huge client, and backend services, including Alipay and Aliyun. There is nine dimensions analysed of Alitrip’s business model proposed which generally cover the essential of a business model. Firstly, customer segment which is particular type of customer a company wants to reach their services. Alitrip targeted all kind of individuals to deliver its services through suppliers and intermediaries. Value proposition helps company to benefit by providing a wide range of travel and inherited Alibaba’s brand. Alitrip uses uses different type of channel to extend their growth. One of it is mobile service apps for riding on growth of commerce market. The customer relationship between Alitrip and customer are strong as they endorse travel business and quality service online. Alitrip generates revenue from collaboration with Aliyun which give advantage of cross selling. The key source of Alitrip’s are merged from Alibaba’s investments in travel industry development where it creates and offers value proportion. The fundamental activity is to produce a dependable relationship of business to consumer which allows supplier and intermediaries to serve the customer's need (Bhowmik, R.,2012). Alitrip’s business model gives importance on the utilization of mobile and IT technologies to provide personalized services in which Alitrip’s strategic IT partner, Shiji Alitrip has benefited from Alibaba’s light-asset, no-inventory
business model for cost structure. The third party is built as relationship between consumers and e-commerce to have a systematic payment process and to cover consumer's right, helps to improve a good and trustable prominence among customer under credit model of Alibaba. The identity information is verified by the seller of e-commerce to pass an online certification test. Seller and customer are trace to record all the transaction. Taobao have create a system which help to measure the magnitude of integrity of both actors. Alipay is an online payment platform, safety and efficiency, merging ease of use. Alipay is first transferred payment when once the buyer gets their product and they encountered any defect, the payment will be transferred to seller from Alipay. The defect or does not meet expectation of buyer's product is returned so it is payment. They encouraged more online feedback of this service. When the customer gives more responds to the product they receive, the discount coupons claim gets higher too. The customer who uses Alipay service reached 870 million on 31 March 2018. It became the world's second largest mobile payment service organization (McDonald, J., 2014).

Integrated Ecosystem

In the earlier stage of Alibaba Group, it had seen it grow within itself by creating Alipay, Alimama and such. The initial ecosystem was simple as linking buyers and sellers of goods. As they started to develop, it was vividly clear that they needed to somehow make all this connected as the data would need to be communicated throughout the whole Alibaba company as this was causing some downfall in Alibaba since the data is not being able to communicate properly. To tackle this fall, they produced an ecosystem of companies to tribute them to its leading e-commerce portals such as Alipay, Alimama, China Smart Logistics and Aliyun (Huang, L., Hu, G., & Lu, X., 2009). Their tactics was to make sure that the platform gave all the resources, and access to the resources, that an online business would need to achieve, and thus supported the evolution of the ecosystem. Firstly, Alipay was implemented around 2004. It is an internet third-party fee platform. When e-commerce was introduced in China, they gave importance to the safety of online purchases that concerned buyers. Alipay makes a good decision and it has won the trust of Chinese regular buyers. Using Alibaba's Taobao, they succeed in using Alipay and gain more customers on the trusted transaction platform.

Then, in 2007 Alimama took place through an online system to measure and track integrated ecosystems on consumer's purchase. Besides, China Smart Logistics which was established in 2013 is known as the best delivery of goods in less than two days. In addition, logisticians help consumers in delivery method and started to serve them. This is to improve the efficiency of logistic capability. The e-commerce package had lower startup costs only. This is because physical stores have to use more money for their stores than e-commerce. In 2009, Alibaba Business Operating System (ABOS) gives brand partners all of the tools handy in Alibaba's ecosystem, turned into created to assist the organizations get to this kind of point. ABOS also supports the A100 program, which helps key brands to speed up their digital transformation through a customized, wide-ranging service package. A cross-functional team at Alibaba helps to smoothen their operations in China and makes it easier for them to use the services that best fit their needs, whether they're in the field of retail, advertising and marketing, work-go with the flow management, economic technology, logistics, cloud computing or on-demand local services, among others, the enterprise said. Lastly, in order to meet their networking objectives, Aliyun as a subsidiary company has been introduced in the view of experts on cloud profession where they managed to solve storage solutions
and cloud computing. The new brands which sell online can attract people easily. Therefore, Alibaba will gain a lot of customers in future. It will also assist Alibaba Company to get more profit than now. Thus, the integrated ecosystem developed by Alibaba Group of Companies and this method can be beneficial to other companies that have many branches within itself.

Marketing Strategy
Alibaba was failing in the initial stage with their failure in delivering products and creation of fake products as normally a company would do, but what caused their rise to become significant was their marketing strategy which was implemented brilliantly to bring back Alibaba back to top. Alibaba is known as an e-Marketplace which encompasses Business-to-Business, Business-to-Consumer, and Consumer-to-consumer. Alibaba has effective marketing strategies because the main element of the four “Ps” consist of product, place, promotion, and pricing that drive to the success of a business. Alibaba has few beliefs which play an important role within the achievement of the company (Leavy, B., 2019). One of the successes of Alibaba was when Alibaba defeated eBay by competing using the Taobao platform. Taobao was introduced in 2003 known as the first largest online business platform in the company. In response to eBay shut down, Taobao gained trust of their consumer in Chinese site by implementation of Alipay and a lot of investors shifted from eBay to Taobao because of its profit and success (Dr. R. Satish Kumar Dr. N. Chandrasekhar, 2017). Furthermore, Alipay not only acts as protecting customer privacy but also the safest and fastest online payment. Alibaba ensures many products at a good price reflects the quality of the product as customer’s priority and makes sure the price of the competitor product is at best prices to attract more customers so that satisfied customers will come back to buy again. By gaining the confidence and loyalty of customers, Alibaba market share earned a higher return on investment. Alibaba used usage-based and positioning strategies pricing to increase revenue from a different line of businesses. Alibaba also ventures in Corporate Social Responsibility Programs (CSR) which is known as charitable giving and improves positivity value in the community to accomplish goals in its business operation. Besides, for promotion methods, Alibaba develops through advertising, the web promotion strategy, and their cheap pricing strategy that contribute to the rise of Alibaba. In order to achieve success in sales growth and cost efficiency, Alibaba has implemented marketing strategies which entangled trust, market, search, payment and tools, strategic partnership, compelling value, and active advertising. Alibaba has expanded their new market with freebies. Alibaba as a web marketing platform used the offered freebies to gain more clients and customers (Williamson, P., & Jingji, M., 2014).

Other than that, they have an online trust rating for buyers to evaluate their reputation and improve customer satisfaction. This implementation of the main element of four “Ps” was done in an excellent way that it delivered its message to all and captured their attention. Today, in the modern advertising and marketing, marketers attach tremendous importance to STP, that is marketplace segmentation, marketplace targeting and market positioning, it is one of the most usually used marketing mode in practice, and always regard as starting point to create value and essence of marketing strategy (Annmarie Hanlon, 2017). This made Alibaba rise from their fall and that’s exactly what today’s world also should learn to implement their strategy accordingly. Alibaba’s strategic way to understand their customers and go through their perspective made their marketing strategy successful which many companies out there can try in the same method with a different approach accordingly.
New Transaction Patterns
One of the steps Alibaba took to challenge and made it into a success is challenging traditional transaction pattern. Always watching on customers' evolving needs and demands, Alibaba changed the traditional transaction patterns and ventures creative ways to set up more benefits for customers. Two ways they introduced their new transaction pattern is Consumer-to-Business (C2B) transaction model and Offline-to-Offline (O2O) strategy (En.m.wikipedia.org., 2020).

To bring down costs in the traditional supply chain and reduce the time needed for product turnover, Alibaba placed the C2B transaction model, which lead to rating up customer satisfaction to the fullest. Alibaba assembles dispersed consumers with same kind of demands to create a strong purchasing group that able to purchase single goods or goods at a wholesale price. Moreover, with its huge online customer behaviour data. Alibaba takes benefits to create items fit to particular consumer characteristic. In the O2O strategy, purchasers can buy a product by scanning a two-dimensional code and they can also indicate receipt of a good with different code. Also, by scanning the corresponding codes, customers can participate in different brand-run initiatives by scanning the corresponding codes to get targeted advertisements. To boost the rising of the O2O service, Alibaba is frequently seeking the usage of mobile terminal domains through “Alipay Wallet” and collaborating with banks to come up with cash transfer services for payment and code scanning.

Alibaba changing their transaction pattern, made their company to be relevant and reliable to customers. By having companies to suit itself with dynamically and rapidly, to the constant changing market conditions and customer behaviours, Alibaba attained huge competitive advantage over traditional businesses. This should be set as an example to growing companies to take up the challenge and use the most strategic way to ensure their usability. Today’s world should challenge the traditional method of moving a business in all kind of process and change it according to the time relevant and the expectation of customers so that it will gain the attraction and loyalty of customers into staying with our company. By Alibaba taking risk in changing their traditional transaction, this risk contributed to rise of their company. This transaction pattern can be an exemplary to other business so that they can take this idea and change accordingly to their system.

CONCLUSIONS
To conclude this, Alibaba organization has faced its worst moments and best moments. The thing that we need to take from their company's life story is how they went from down to up. Even facing backlash, they still rolled their sleeves up and searched through all means to make sure their company stands back on feet with unique business model, changing traditional transaction pattern, amending their relationship with investors and customers, having an integrated ecosystem to navigate data well, making sure they communicate within the organization and having an excellent marketing strategies to boost their company image among customers and make sure Alibaba gets a place in the market. This opens whole new generation to be able to study their way and implement in their business to make sure it flourishes and make a profitable organization just like Alibaba. The rise and fall that Alibaba faced has can be used to analyse current companies' strength and weaknesses and thus having an approach in their own unique way.
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