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SUMY NATIONAL AGRARIAN UNIVERSITY
ECONOMICS AND MANAGEMENT FACULTY

Public management and administration Department

QUALIFICATION WORK

Education Degree - Master

on: **INCREASING THE LEVEL OF COMPETITIVENESS OF THE ENTERPRISE**

Completed: student of
073 «Management» (EP «Administrative Management»)

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SUMY NATIONAL AGRARIAN UNIVERSITY

Faculty Economics and Management
Department Public management and administration

Education degree *«Master»*
Field of Study *073 «Management» (EP «Administrative Management»)*

Approved:
Head of Department
«_____» _____ 2024 y.

TASK

on qualification work for student

Zhou YOUDA

1. Theme of Qualification work: **Increasing the level of competitiveness of the enterprise**

*Superviser _Alina Mykhaylivna Brychko, PhD., Associate Professor_*

approved by the university from *28.08.25 №1785/1-oc*

2. Deadline for student completed project (work) October 10 2025

3. Background to the project (work):
Educational methodological manuals, monographs, research monographs, scientific publications, economic and financial statements for the period 2022-2024

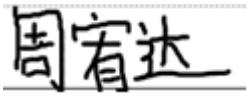
4. Contents of settlement and explanatory notes (the list of issues to develop):

This study is based on the macro context of global digital economy transformation and dramatic changes in the competitive landscape of China's internet industry. Traditional theories on enterprise competitiveness face paradigm challenges in an era characterized by platform economies, data-driven decision-making, and accelerated innovation. Alibaba Group, as a typical representative of China's digital economy, offers an excellent case study for exploring how modern enterprises can respond to saturated markets and cross-border competition through strategic adjustments, management optimization, and technological innovation.

5. Date of assignment: **December, 20 2024**

CALENDAR PLAN

№	Title the stages of the degree project (work)	Date of performance project stages	Note
1	Definition and approval of the thesis, preparation of the plan - schedule of work	September, 2024	done
2	Selection and analysis of literary sources, the preparation of the first theoretical chapter	December, 2024	done
3	Preparation and presentation of draft of the first chapter of the thesis	February 2025	done
4	Collection and processing of factual material, synthesis analysis of application issues in the enterprise	March 2025	done
5	Making the theoretical part of the thesis, summarizing the analytical part	May 2025	done
6	Design options improve the research problem	August 2025	done
7	Completion of the project part of the thesis, design chapters	September 2025	done
8	Previous work and its defense review	October, 01-02 2025	done
9	Checking the authenticity of the thesis	October, 15 2025	done
10	Deadline for student completed the thesis	October, 20 2025	done
11	Defense of the thesis	October, 30 2025	done

Student  ***Zhou YOUDA***

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SUMMARY

Zhou YOUDA. Increasing the level of competitiveness of the enterprise.

Master's thesis in the specialty 073 «Management», EP «Administrative Management» SNAU, Sumy-2025 - Manuscript.

This study examines Alibaba Group as a case study to explore strategies for enhancing corporate competitiveness amidst rapid transformations in the global internet industry. Against the backdrop of technological advancements, market saturation, and emerging cross-border competition, the research focuses on three core objectives: comprehensive analysis of Alibaba's competitive landscape, identification of key competitive elements, and formulation of targeted improvement strategies. The methodology integrates qualitative case analysis with quantitative data validation, systematically examining internal and external environments through frameworks such as SWOT analysis, PESTEL matrix, and Resource-Based View (RBV). Findings indicate that Alibaba's core competitiveness stems from technological innovation and strong brand influence, while its weaknesses include relatively low overseas market penetration and less efficient supply chains compared to emerging industry players. Proposed strategic solutions demonstrate multidimensional characteristics, emphasizing accelerated breakthroughs in core technologies, localization optimization for overseas expansion, intelligent integration to enhance supply chain efficiency, and strengthening user ecosystems to improve customer retention. The conclusions highlight that Alibaba must continuously flexibly adjust its strategic layout around these pillars to maintain and enhance global competitiveness. This research not only contributes to theoretical discussions on digital enterprise competitiveness but also provides actionable insights for other companies in the industry.

Key words: enterprise competitiveness, Alibaba, Internet industry, strategic management, technological innovation, global expansion, case study.

АНОТАЦІЯ

Чжоу Юда. Підвищення рівня конкурентоспроможності підприємства. Магістерська робота зі спеціальності 073 «Менеджмент», ОП «Адміністративний менеджмент» СНАУ, Суми-2025 р. – Рукопис.

Це дослідження розглядає Алібаба Груп як кейс для вивчення стратегій підвищення конкурентоспроможності компаній в умовах стрімких трансформацій у глобальній інтернет-індустрії. На тлі технологічного прогресу, насичення ринку та зростаючої транскордонної конкуренції дослідження зосереджується на трьох основних цілях: комплексному аналізі конкурентного середовища Алібаба Груп, визначенні ключових елементів конкурентоспроможності та формулюванні цільових стратегій удосконалення.

Методологія поєднує якісний кейс-аналіз із кількісною валідацією даних, системно досліджуючи внутрішнє та зовнішнє середовище компанії за допомогою таких аналітичних інструментів, як SWOT-аналіз, матриця PESTEL та ресурсно-орієнтований підхід (RBV).

Результати свідчать, що основна конкурентна сила Алібаба Груп походить від технологічних інновацій та сильного бренду, тоді як її слабкі сторони полягають у відносно низькій присутності на зарубіжних ринках і менш ефективних ланцюгах постачання порівняно з новими гравцями галузі.

Запропоновані стратегічні рішення мають багатовимірний характер і зосереджені на таких напрямах:

- прискорений прорив у сфері ключових технологій;
- локалізаційна оптимізація для розширення присутності за кордоном;
- інтелектуальна інтеграція для підвищення ефективності ланцюгів постачання;
- зміцнення користувацької екосистеми для підвищення лояльності клієнтів.

У висновках підкреслюється, що Алібаба Груп має постійно адаптувати свою стратегічну модель навколо цих основних напрямів, щоб зберігати та посилювати глобальну конкурентоспроможність.

Це дослідження не лише робить внесок у теоретичні дискусії щодо конкурентоспроможності цифрових підприємств, але й надає практичні рекомендації для інших компаній у цій галузі.

Ключові слова: конкурентоспроможність підприємства, Алібаба Груп, інтернет-індустрія, стратегічний менеджмент, технологічні інновації, глобальна експансія, кейс-дослідження.

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INTRODUCTION

Relevance of the topic. The relevance of this research is underscored by the transformative shifts in the global digital economy, where enterprises must navigate rapid technological advancements, intense competition, and evolving consumer demands to sustain competitiveness. Alibaba Group, as a paradigmatic example of a digital platform ecosystem, exemplifies both the opportunities and challenges faced by modern enterprises operating in hyper-competitive environments. This study addresses critical gaps in understanding how large digital firms can maintain and enhance their competitive edge through strategic agility, organizational restructuring, and technological innovation.The topic is particularly pertinent for several reasons:

1.Digital Transformation Imperative: The acceleration of digitalization across industries necessitates a reevaluation of traditional competitiveness frameworks. Enterprises must integrate advanced technologies (e.g., AI, cloud computing, and big data) to optimize operations, enhance customer experiences, and create new value propositions. Alibaba's journey offers insights into the strategic integration of technology and business models to drive growth.

2.Global Competitive Dynamics: The rise of agile competitors (e.g., Pinduoduo in social commerce and JD.com in logistics-driven retail) challenges established players like Alibaba. Understanding how incumbents can respond through innovation, ecosystem expansion, and organizational adaptability is crucial for sustaining leadership.

3.Organizational and Governance Evolution: Alibaba's "1+6+N" restructuring represents a pioneering approach to mitigating "big enterprise disease" by fostering internal entrepreneurship and market-driven accountability. This case provides valuable lessons for other firms seeking to balance scale with agility.

4.Strategic Relevance for Emerging Economies: As a Chinese multinational, Alibaba's strategies inform broader discussions about global expansion, localization, and cross-cultural management. Its successes and setbacks in international markets (e.g., Southeast Asia) highlight the importance of tailored approaches to globalization.

5.Theoretical and Practical Gaps: While existing literature explores platform economies or discrete aspects of competitiveness, few studies holistically examine the interplay of technological innovation, organizational design, and ecosystem governance in sustaining competitiveness. This research bridges these gaps by integrating theoretical frameworks (e.g., Resource-Based View, Dynamic Capabilities) with empirical analysis of Alibaba's strategies.

By addressing these dimensions, this study contributes to academic discourse on digital enterprise competitiveness while offering actionable insights for practitioners aiming to navigate complexity and drive sustainable growth in the digital age. The findings are relevant not only for internet-based firms but also for traditional enterprises undergoing digital transformation. [20]

Relationship with academic programs, plans, themes. Master's thesis is done according to the plan of research at Sumy National Agrarian University.

The aim of the thesis is: to explore how enterprises can optimize management efficiency and sustainably enhance competitiveness by aligning internal capability development with external environments in modern business operations. Set against the backdrop of the global internet industry, this study examines Alibaba Group as a case study. It systematically analyzes competitive dynamics, internal capability foundations, and environmental constraints faced by the company, ultimately developing a multidimensional, actionable strategic enhancement framework. This research provides theoretical insights and practical references for digital enterprises undergoing strategic transformation and operational efficiency upgrades.

According to the purpose, the main objectives of the study were identified:

1. Building analytical framework and theoretical foundation: sort out and integrate core theories of enterprise competitiveness and management efficiency (such as resource-based view, Porter's Competitiveness Theory), establish an analytical framework applicable to the digital economy era, and lay a theoretical foundation for case analysis.

2. Conduct comprehensive and in-depth diagnostic analysis: Perform systematic internal and external environment analysis on the case enterprise (Alibaba Group), comprehensively evaluate its current competitiveness level and management

efficiency, and accurately identify its core strengths, key weaknesses, external opportunities and potential threats.

3. Put forward strategies and demonstrate their economic basis: Based on the diagnostic results, put forward specific strategies to improve enterprise competitiveness and management efficiency, and deeply demonstrate the organizational measures, economic logic and technical feasibility behind these strategies.

Object is： the mechanism and path of improvement of enterprise competitiveness and management efficiency under the condition of modern enterprise operation. This abstract object is concretized through specific cases.

The subject is： The subjects of this research (i.e., the specific case carriers of the study) are Alibaba Group, a renowned Chinese internet technology enterprise. This study treats it as a complete digital ecosystem to examine its strategic evolution, business performance, and competitive dynamics from 2019 to 2023.

Research methods: This study employs a mixed-method approach combining qualitative and quantitative analysis. The core methodology involves Case Study Research, which entails conducting an in-depth, longitudinal case study of Alibaba Group. Through this approach, we aim to explore both the "how" and "why" behind shifts in its competitive landscape, thereby obtaining comprehensive contextual insights and profound understanding.

Secondary data analysis (SDA): Collect and analyze a variety of publicly available secondary data, including:

• Official documents of the enterprise (annual report of listed companies, 20-F form, performance release briefing);

• Industry research reports (from iResearch, Statista, Gartner, etc.);

• authoritative news media coverage (from Reuters, Bloomberg, etc.);

• Relevant theories and cases in academic journals and monographs.

• Analytical methods based on theoretical framework: the structured processing and interpretation of data using a series of mature strategic analysis frameworks, including:

• SWOT analysis: systematically sort out the internal strengths (Strengths), weaknesses (Weaknesses), external opportunities (Opportunities) and threats (Threats) of the case enterprises.

• PESTEL analysis: scan the macro environment from six dimensions of politics, economy, society, technology, environment and law to identify key influencing factors.

• Resource-based view (RBV) analysis: evaluate the internal resources and capabilities of an enterprise from four dimensions: value, scarcity, difficulty to imitate and irreplaceability.

Information base includes: The information base constructed by this study is composed of multi-source and multi-dimensional data, which ensures the reliability and validity of the research.

Scientific novelty of the results: The scientific novelty of this research result is mainly reflected in the following three aspects:

• Contextual expansion of theoretical application: The classical competitiveness theories (such as Porter's model and resource-based view) and strategic management frameworks (SWOT and PESTEL) are applied to the specific context of large digital platform ecosystem to verify and expand the applicability and boundary conditions of these theories in explaining the competitive dynamics of enterprises in the digital economy era.

• Multi-dimensional integration of analysis perspective: it breaks through the traditional single theoretical perspective, creatively combines internal resource capability analysis with external macro environment scanning, and integrates qualitative case in-depth analysis with quantitative data performance comparison, so as to build a more comprehensive and three-dimensional enterprise competitiveness diagnosis model.

• Systematic and Targeted Strategy Development: The "Four Strategic Pillars" (technological innovation, market expansion, supply chain optimization, and user ecosystem) proposed are not isolated technical or marketing strategies. Instead, they form a logically coherent and synergistic strategic framework that integrates the

unique characteristics of case enterprises with industry-wide commonalities, demonstrating significant scientific value.

The practical significance of the results is:

The results of this study have important practical guiding value, and its practical significance is reflected in two aspects: The research findings directly provide actionable operational guidelines and strategic options for Alibaba Group's decision-making level. They offer evidence-based solutions to address practical challenges such as slowing domestic growth, intensifying international competition, and organizational restructuring, thereby enhancing the scientific rigor and efficiency of management decisions. This case study can serve as a reference model for Chinese and other global internet companies, platform-based enterprises, and traditional enterprises undergoing digital transformation. The lessons learned, analytical framework, and strategic approaches summarized in this study can be used to assess competitiveness, formulate competitive strategies, optimize management processes, thereby enhancing resilience and efficiency in complex global competitive environments.

Personal Achievements:

1. Zhou Youda Increasing the level of competitiveness of the enterprise *IV Міжнародна науково-практична інтернет-конференція студентів, аспірантів та молодих вчених пам'яті видатного українського вченого-економіста Сергія Ілліча Юрія «Розвиток фінансів, аудиту, бухгалтерського обліку та оподаткування: реалії часу»* 11 лютого 2025 року м. Кам'янець-Подільський 2025. - С. 547-548

2. Zhou Youda Methods of increasing the competitiveness of enterprises *VII Міжнародної науково-практичної конференції "Модернізація економіки: сучасні реалії, прогнозні сценарії та перспективи розвитку" 17-18 квітня 2025 року.* м. Херсон – м. Хмельницький. 2025 – С. 39-41.

The structure and scope of work. Master's thesis consists of an introduction, three chapters, conclusions, and proposals list of references with **23** titles. The main text posted on the 77 pages of computer text, the work contains 15 tables and 10 figure.

CHAPTER 1

THEORETICAL FRAMEWORK OF COMPETITIVENESS OF THE ENTERPRISE

Corporate competitiveness is a multidimensional and evolving concept that fundamentally refers to an organization's comprehensive ability to maintain comparative advantages in market competition through effective resource allocation, thereby ensuring long-term survival and development. According to the Organisation for Economic Co-operation and Development (OECD), competitiveness is defined as "an enterprise's capacity to consistently deliver superior products and services in open market environments while maintaining high profit margins and consolidating its market position" (OECD, 2020).[1] This definition highlights the relative and enduring nature of competitive capabilities.

From a micro perspective, corporate competitiveness primarily manifests in three key dimensions: First is operational efficiency - the enterprise's ability to create equivalent value at lower costs; second is innovation capability encompassing technological breakthroughs, product development, and business model innovation; finally, market influence demonstrated through brand recognition, customer loyalty, and market share. These three dimensions are interrelated and complementary, collectively forming an organic whole of corporate competitiveness. Contemporary theories particularly emphasize dynamic capability - the enterprise's capacity to swiftly perceive environmental changes, seize market opportunities, and strategically reallocate resources according to evolving competitive landscapes .

Michael Porter's competitive theory provides a classic framework for analyzing corporate competitiveness. [4] The Diamond Model, originally developed to assess national competitiveness, remains equally applicable at the enterprise level. This model comprises four key elements: factor conditions, demand conditions, related and supporting industries, as well as corporate strategic structure and competitive landscape. Taking Alibaba as an example, this model has demonstrated unique value in practical applications.

In the digital economy era, the composition of production factors has undergone significant changes. Although traditional elements such as labor and capital remain important, data, algorithms, and computing power have become new key factors. Alibaba has accumulated massive user behavior data, transaction data, and social data through its e-commerce platform, forming a unique advantage in production factors. Meanwhile, China's vast engineering talent pool and relatively low labor costs provide unparalleled conditions for its technological research and development.

In terms of market demand, the unique advantages of the Chinese market provide Alibaba with significant competitive capital. Chinese consumers have an extremely high acceptance of e-commerce, and the penetration rate of mobile payments ranks among the highest globally, [10] which has fostered a highly digitalized consumption environment. According to data from the China Internet Network Information Center (CNNIC), [2] as of June 2023, the number of online shopping users in China has reached 884 million, accounting for 82.0% of the total internet users.This mature market environment drives Alibaba to continuously innovate and enhance its service capabilities, thereby strengthening its market competitiveness.

The Resource-Based View (RBV), systematically proposed by Barney in 1991, [3] posits that a company is an entity composed of unique resources and capabilities. Sustainable competitive advantage stems from resources possessing the VRIN characteristics: being valuable, scarce, hard to imitate, and non-substitutable. This framework provides an internal perspective for analyzing Alibaba's competitive advantages.

Alibaba's VRIN resources encompass three pillars: the platform ecosystem, data assets, and brand value. [5] Its platform ecosystem consists of mutually supportive business segments, including core e-commerce, cloud computing, digital media, and entertainment industries, which have formed a powerful network effect and synergistic advantages. In terms of data assets, Alibaba possesses China's most comprehensive consumer behavior data. These years-accumulated data possess profound historical depth and breadth, making them difficult for competitors to replicate in the short term. Regarding brand value, "Alibaba" and "Taobao" have become indispensable

components of Chinese consumers' daily lives. This brand recognition and trust stem from long-term accumulation, forming an extremely high imitation barrier.

The Core Competitiveness Theory further developed the Resource-Based Value (RBV) framework, [7] emphasizing that enterprises should focus on building core competencies that create unique value for customers, support diversified product markets, and are difficult for competitors to replicate. For Alibaba, these core competencies primarily manifest in three key areas: big data analytics capabilities, platform operation expertise, and technological innovation strength. The synergistic effects of these capabilities enable the company to continuously adapt to market changes and explore new commercial frontiers.

Table 1.1 - Alibaba's Key Resource Analysis based on VRIN framework

Resource type	Embody	Value for money	Scarcity	Inimitability	Non fungible thing
Platform ecosystems	Taobao, Tmall, Alipay, Cainiao and other platforms work together	tall	tall	tall	centre
Data assets	More than 1 billion user behavior data and transaction data	tall	tall	tall	tall
Brand value	Alibaba and Taobao brand recognition and trust	tall	tall	tall	centre
Technical competence	Cloud computing, AI algorithms, security technology	tall	centre	centre	low
Human resources	Technology research and development team, management team	tall	centre	centre	low

Source: the author's analysis and construction based on Barney's (2002) VRIN theoretical framework and the public information of Alibaba Group.

In the digital economy era, the paradigm of corporate competition has fundamentally shifted from traditional inter-firm rivalry to ecosystem-based competition. Platform companies create cross-network effects by connecting diverse user groups - including buyers and sellers, developers and users - transforming these synergies into the core driving force of competitiveness in this new era.

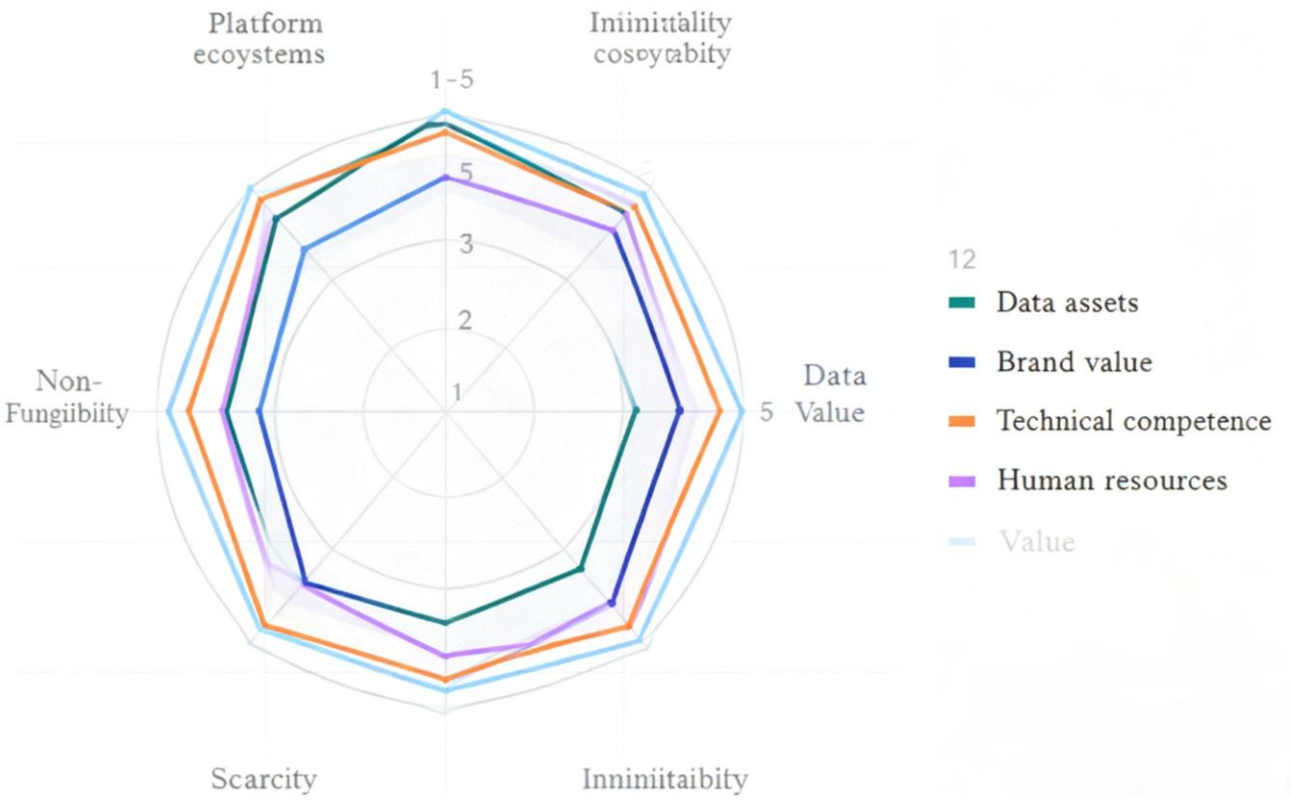

Figure 1.1 - Alibaba Key Resources Evaluation (VRIN Framework)

Source：based on Barney (2022) VRIN theoretical framework and Alibaba public information analysis

Alibaba's platform ecosystem exemplifies a classic "hub-and-spoke" architecture, with its e-commerce platform serving as the core that extends into sectors like finance, logistics, cloud computing, and entertainment. This model allows each business unit to develop independently while generating synergistic effects. Take Alipay as an example: originally developed as a payment solution for Taobao, it has now evolved into an independent fintech platform continuously supporting e-commerce operations. Meanwhile, Cainiao Logistics leverages big data and algorithm optimization technology to streamline logistics routes, effectively reducing operational costs for e-commerce businesses while establishing a highly valuable business segment. [11]

Network effects are crucial in platform competition, encompassing both direct and indirect impacts. Direct network effects manifest when user growth directly enhances platform value (e.g., social networks), while indirect effects refer to how

expanding user bases increases the platform's value for other users (e.g., connecting buyers and sellers). Alibaba's platform demonstrates strong indirect network effects: As buyer numbers grow, more sellers join, expanding product selection and attracting new buyers, thus creating a virtuous cycle.

In the digital economy era, data has emerged as a new production factor, with data-driven decision-making becoming a critical dimension of corporate competitiveness. Alibaba has accumulated massive data resources through platform operations, encompassing user profiles, transaction behaviors, social connections, and geographical locations. By leveraging advanced analytical technologies to deeply mine these datasets, the company transforms them into business insights that create multiple competitive advantages for enterprises.

First, data-driven personalized recommendations can significantly enhance user experience and transaction conversion rates. Alibaba's recommendation algorithm generates unique homepage displays and product suggestions for each user based on browsing history, real-time clickstream analysis, and similar preferences. According to a report by Alibaba Research Institute, personalized recommendations contribute over 30% of the platform's Gross Merchandise Volume (GMV). [6] This precision matching feature not only reduces users' search costs but also effectively boosts transaction efficiency.

Secondly, data empowers supply chain optimization and reduces operational costs. By analyzing historical sales data, search trends, weather patterns, and external factors like holidays, Alibaba can predict product demand, helping sellers optimize inventory management and production planning. Cainiao Network utilizes big data analytics to plan logistics routes, optimizing warehouse networks and delivery paths. This not only significantly lowers logistics costs but also substantially improves delivery efficiency.

Third, data has become the cornerstone of new products and services. Alibaba Cloud commercializes its internal data processing capabilities to provide cloud computing and big data services to external enterprises. WeBank leverages e-commerce transaction data to develop credit risk control models, offering

collateral-free loans to small businesses. These data-driven innovative services not only open up new revenue streams but also effectively enhance user retention on core e-commerce platforms.

Table 1.2 - Alibaba's data asset application areas and value creation

Application area	Data type	Procedure of test	Creation of value
Personalized recommendations	User behavior data, transaction history	Machine learning, collaborative filtering	Increase conversion rate and increase GMV
Search optimization	Query logs, click-through rates and conversion rates	Natural language processing, sorting learning	Improve user experience and satisfaction
Supply chain management	Sales data, logistics data	Time series prediction and optimization algorithm	Reduce inventory costs and improve distribution efficiency
Risk management	Transaction data, user configuration files	Graph algorithm, anomaly detection	Reduce fraud losses and support financial services
New product development	Full dimension data integration	Data mining, insight discovery	Innovate business model, expand market space

Source: according to the annual report of Alibaba Group (2023), the report of Ali Research Institute (2023) and the analysis of the author.

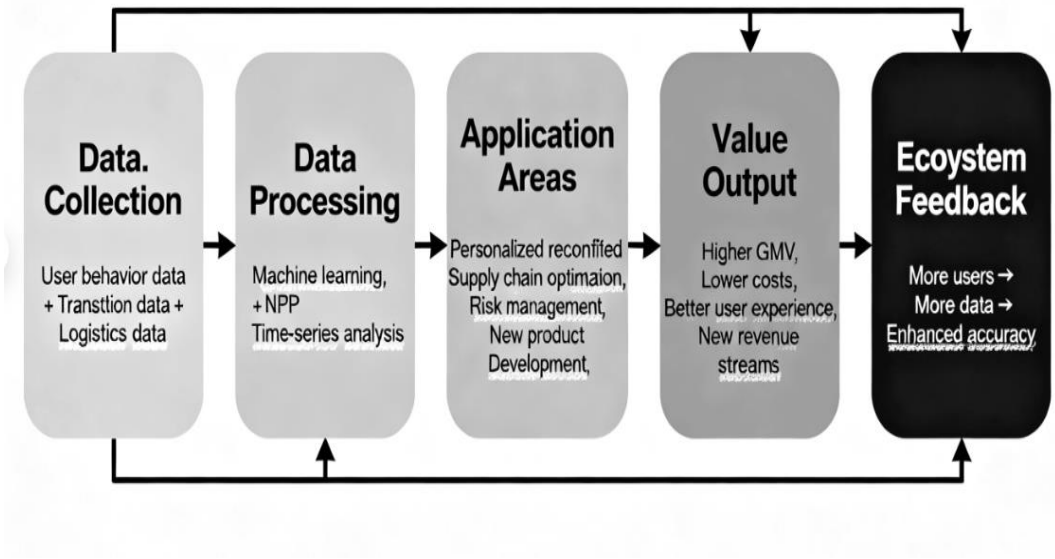

Figure 1.2 - Alibaba Data Asset Value Creation Process

Source：According to Alibaba Research Institute (2023) Report and author's analysis

SWOT analysis is a classic tool for evaluating corporate competitiveness. [13] by systematically identifying a company's strengths, weaknesses, opportunities, and threats, it provides a foundational framework for strategic planning. The value of this approach lies in its comprehensiveness and systematic nature, effectively integrating both internal and external environmental analyses.

Taking Alibaba as an example, its SWOT analysis provides a comprehensive overview of its competitive landscape. Strengths include a mature platform ecosystem, strong brand influence, abundant data resources, and leading technological capabilities. Weaknesses involve complex organizational structure, relatively weak international market competitiveness, and insufficient profitability in some business units.

Figure 1.3 - Alibaba Group SWOT Analysis Matrix

Source：based on SWOT analysis framework and Alibaba Group 2023 Annual Report (Form 20-F)

Opportunities encompass global digitalization trends, growth in the cloud computing market, and emerging consumption patterns. Threats include intense domestic competition, regulatory environment changes, and geopolitical risks.

The advanced application of SWOT analysis lies in generating strategic recommendations through cross-analysis. The SO strategy (Strengths-Opportunities) focuses on leveraging inherent strengths to seize opportunities, such as utilizing technical capabilities to expand into the international cloud computing market. The ST

strategy (Strengths-Threats) emphasizes mitigating risks through strengths, like harnessing ecosystem resilience to address regulatory changes. The WO strategy (Weaknesses-Opportunities) aims to compensate for weaknesses by seizing opportunities, exemplified by strengthening global presence through international cooperation. The WT strategy (Weaknesses-Threats) adopts defensive strategies to mitigate negative impacts, such as enhancing organizational agility through restructuring to cope with competitive pressures.

The Priel analysis framework evaluates the macro environment through six dimensions: political, economic, social, technological, environmental and legal. [14] This analytical method can help enterprises identify opportunities and threats in the external environment, which is particularly important for understanding the overall business pattern of Alibaba.

From the political perspective, the Chinese government's digital economy development strategy has created a favorable environment for Alibaba's growth. However, antitrust regulations and data security laws have also posed challenges. The 14th Five-Year Plan explicitly proposes to vigorously develop the digital economy, promoting both digital industrialization and industrial digitization, which provides policy support for Alibaba's core business. Nevertheless, the State Administration for Market Regulation has strengthened antitrust supervision over platform economies, imposing restrictions on certain market practices by Alibaba and requiring it to prioritize fair competition while protecting small and medium-sized enterprises.

From the perspective of the economic environment, the sustained growth of China's economy and the upgrading of consumption structure have laid a foundation for the development of e-commerce enterprises. However, the slowdown in economic growth and fluctuations in consumer confidence also bring uncertainties. The increase in per capita disposable income and the expansion of the middle class support the long-term growth of the consumer market. Yet issues such as uneven economic recovery in the post-pandemic era and rising youth unemployment may also impact short-term consumption capacity.

In the tech sector, the rapid advancement of technologies like AI, cloud computing, and blockchain presents both opportunities and challenges. While Alibaba

leverages these innovations to develop products and services, the accelerated pace of technological iteration intensifies competitive pressures, requiring sustained R&D investments to maintain its technological leadership.

Beyond qualitative analysis frameworks, competitiveness evaluation requires reliance on quantitative metrics and comprehensive assessment models. As a traditional tool for measuring competitiveness, financial indicators encompass profitability metrics (such as gross margin, net profit margin, and return on equity), growth metrics (including revenue growth rate and user growth rate), and efficiency metrics (like inventory turnover ratio and per capita output).

Table 1.3 - Evaluation index system of competitiveness of platform enterprises

Assessment dimensions	Key index	Objectives of the measurement	Data sources
Scale merit	Annual number of active consumers, GMV, revenue scale	Measure market position and influence	Income, investor daily report
Growth target	User growth rate, revenue growth rate, new business share	Measure growth rate and potential	Quarterly financial results, business announcements
Efficiency indicators	Customer acquisition cost, liquidity rate, per capita GMV	Measure operational efficiency and profit potential	Internal business data, analysis reports
Qualitative index	Retention rate, NPS and buyback rate	Measure user experience and platform health	User research, behavioral data
Innovation indicators	R&d investment proportion, number of patent applications, new product revenue	Measuring technological innovation and future competitiveness	Financial results, patent database

Source: the author's modification and construction based on the balanced scorecard theory of Kaplan & Norton (1996) combined with the characteristics of platform economy.

For platform companies like Alibaba, focusing on non-financial metrics is particularly crucial, especially those related to network effects. For example: platform user base (annual active consumers), engagement metrics (daily active users and average session duration), merchant scale (number of active merchants), and

ecosystem health (cross-platform user share and service penetration rate). These comprehensive metrics collectively reflect a platform's vitality and growth potential.

Comprehensive evaluation models like the Balanced Scorecard effectively integrate financial and non-financial metrics, short-term and long-term objectives, providing a holistic assessment of competitiveness. By establishing a four-dimensional indicator system - financial performance, customer satisfaction, internal processes, and learning and growth - this framework enables companies to strike a balance between immediate results and sustainable competitive advantage development.

This chapter establishes a multi-level, dynamic analytical framework by synthesizing core theories including corporate competitiveness, the Resource-Based View (RBV), platform ecosystems, and data-driven decision-making. The framework not only provides a theoretical foundation for understanding Alibaba's competitive advantages but also emphasizes that in the modern digital economy, organizational efficiency stems from the effective integration and evolution of unique resources, network effects, and data assets. These insights lay a solid theoretical groundwork for subsequent case studies.

CHAPTER 2

ANALYSIS OF THE CURRENT EFFICIENCY OF ENTERPRISE MANAGEMENT

2.1 Case Enterprise overall organizational and economic characteristics

Before delving into the Alibaba case study, it is essential to establish a universal analytical framework for evaluating management efficiency in modern digital enterprises, particularly platform ecosystems. While traditional corporate efficiency metrics primarily focus on financial indicators (ROA, ROE) and operational metrics (inventory turnover rate, labor productivity), the essence of management efficiency has fundamentally evolved for platform companies like Alibaba. This efficiency now extends beyond internal resource optimization to encompass the strategic mobilization and integration of external resources-including merchants, consumers, developers, and service providers-to create network effects and ecosystem synergy. Therefore, this chapter adopts a broader perspective of "ecosystem efficiency" to assess management effectiveness. The core of ecosystem efficiency lies in measuring a platform enterprise's comprehensive ability to convert investments (capital, technology, data) into multiple outputs (financial returns, value for ecosystem participants, social benefits).

It encompasses three dimensions:

1. Allocation Efficiency: This refers to whether the Group headquarters can accurately allocate capital and human resources to business units with the greatest growth potential and strategic significance, thereby avoiding internal inefficiencies caused by "big company syndrome" (X-inefficiency). Alibaba's "1+6+N" organizational restructuring initiative directly addresses this critical issue. [8]

2. Synergistic Efficiency: This refers to the ability of business units within an ecosystem (such as e-commerce, logistics, cloud services, and entertainment) to effectively share data, traffic, and technology, thereby reducing redundant construction costs and creating new value where "1+1>2". For example, Cainiao Logistics 'data

optimization enhances Tmall's shopping experience, while Tmall's orders in turn support Cainiao's business scale.

3. Value Circulation Efficiency: This metric measures whether a platform establishes a sustainable "value creation-value distribution-value reinvestment" cycle. The platform generates commissions and advertising revenue through transactions (value creation), then allocates portions to merchants and consumers via traffic, tools, and subsidies (value distribution). Profits are reinvested into R&D and infrastructure to enhance ecosystem competitiveness (value reinvestment). The efficiency and smoothness of this cycle directly determine the ecosystem's vitality and sustainability.

The evolution of Alibaba Group serves as a living fossil for studying the development of Chinese internet enterprises. Its developmental trajectory can be precisely divided into four strategic phases:

Start-up period (1999-2003): marked by the launch of B2B platform Alibaba International Station and C2C platform Taobao, which laid the foundation for e-commerce business;

Ecological construction period (2004-2013): it is the stage of rapid expansion of business territory. The independence of third-party payment platform Alipay, the establishment of B2C platform Tmall and the establishment of cloud computing company Aliyun mark its transformation from a single e-commerce to a comprehensive digital ecology.

Mobile Transformation and Capitalization Phase (2014-2018): The company fully embraced mobile internet, successfully migrating traffic from PC to mobile through its "All in Wireless" strategy. It completed its initial public offering (IPO) on the New York Stock Exchange, raising $25 billion – then the largest IPO in global history. Ecosystem Deepening and Restructuring Phase (2019-present): Focusing on new retail integration, global expansion, and cloud computing development, Alibaba initiated its groundbreaking "1+6+N" organizational restructuring in 2023 to address increasingly complex competitive landscapes and organizational inertia. This 2023 restructuring aims to combat "corporate disease" and revitalize innovation. Its economic essence lies in introducing internal capital market mechanisms to resolve "X-inefficiency" in resource allocation within the group. Specifically: The "1"

represents Alibaba Group as the holding parent company, dedicated to capital allocation, innovation incubation, and compliance governance; The "6" refers to six business groups with independent IPO potential (Cloud Intelligence, Taobao & Tmall Commerce, Local Life, Cainiao, International Digital Commerce, Greater Entertainment), granted full strategic autonomy and profit/loss accountability, with performance valuations determined through external capital markets; The "N" includes multiple fully independent subsidiaries (e.g., AliHealth, RT-Mart). This architecture simulates market mechanisms to channel external competitive pressures into the group's internal operations, compelling business units to confront market competition head-on. This approach enhances overall resource allocation efficiency and innovation agility. For instance, the Cloud Intelligence Group can make more flexible decisions regarding technology investments and price wars, while the International Digital Commerce Group can respond swiftly to challenges from Temu without waiting for unified directives from headquarters.

The essential feature of Alibaba's platform economy is the source of its multiple competitive advantages.

The platform demonstrates three core advantages. First, it achieves remarkable economies of scale, with marginal costs per additional user approaching zero. This enables continuous cost reduction for its e-commerce and cloud services as transaction volumes and computational demands surge.

Second, it benefits from extensive scope economies, where business units including e-commerce, payments, logistics, and cloud services share a unified data platform, technical infrastructure, and user account system. A single capability investment generates cross-business benefits, significantly lowering marginal costs for multi-sector expansion.

Third, it maintains robust network effects as its strongest competitive moat: direct network effects (where more Alipay users enhance the payment tool's value), indirect network effects (expanding Taobao's buyer base attracts more sellers, boosting product diversity which in turn draws more buyers), and data-driven network effects (as user behavior data grows, algorithmic recommendations become more precise, improving user experience and attracting new users to generate more data). These three

economic characteristics reinforce each other and together form an ecosystem with strong endogenous growth drivers.

Table 2.1 - Analysis of Economic Characteristics and Strategic Positioning of Alibaba's Major Business Groups (Fiscal Year 2023)

Business Group	Core business	Income share	Speed increase	Status of profitability	Key competitive advantage	Main challenges
Taobao Tmall Business	China retail e-commerce	~65%	+2%	high profit	Brand equity, user size, data depth	Growth has peaked and competition is intensifying
Cloud Intelligence Group	Cloud computing AI	~9%	+4%	Preliminary profits	Technology leadership, scale effect, full stack services	Fierce price competition, geopolitical risk
International Digital Commerce	Cross-border e-commerce (Lazada, AliExpress, etc.)	~8%	+18%	Strategic loss	Multi-brand matrix, localization operation, supply chain	Temu et al. on radical competition, cultural differences
Local Life Group	Takeout (Ele.me), in-store (Koukou)	~5%	-1%	heavy losses	Distribution network, payment diversion	Meituan dominates the market, and the subsidy war is fierce
Big Entertainment Group	Youku, Alibaba Pictures and others	~4%	-3%	Sustained losses	Content IP, collaboration with e-commerce	The industry is fiercely competitive and the profit model is unclear

Source: according to the 2023 fiscal year annual report (20-F) of Alibaba Group and the "1+6+N" organizational structure announcement information, it is sorted and analyzed.

Alibaba's digital ecosystem has developed a distinctive value proposition and competitive edge through interconnected platforms and services. At its core lies the seamless flow and conversion of data, traffic, and services, forming a three-tier value

creation mechanism composed of the core transaction layer, service support layer, and infrastructure layer.

The core transaction layer is dominated by e-commerce platforms, including Taobao, Tmall, Tmall Global, and Tmall Supermarket. These platforms directly facilitate commodity transactions and generate profits through commission sharing and advertising revenue. This tier serves as both a source of traffic and a data foundation, forming the bedrock of the entire commercial ecosystem. In the 2023 fiscal year, China's commercial sector achieved revenue of 531.5 billion yuan, accounting for 65% of total revenue, remaining Alibaba's most crucial income source.

The service support layer encompasses four key sectors: payment, finance, logistics, and marketing. It not only sustains the daily operations of the core transaction layer but also generates independent value. Alipay ensures seamless transactions through its payment platform while expanding digital financial services; Cainiao Logistics reduces delivery costs and enhances efficiency via intelligent logistics networks; Ali Mama provides digital marketing solutions to boost merchants' sales performance. These integrated services not only optimize transaction efficiency and user experience but also open up new revenue streams.

The infrastructure layer primarily relies on Alibaba Cloud to provide core technical services, covering computing, storage, and database solutions. Originally developed to support internal business operations, this architecture has evolved into a comprehensive service platform serving all industries. By leveraging economies of scale to reduce per-machine computing costs and transforming technical capabilities into commercial products, Alibaba Cloud achieved revenue of 77.2 billion yuan in the 2023 fiscal year, becoming one of Alibaba Group's fastest-growing core businesses.

Ecosystem components achieve synergistic effects through three core dimensions: traffic sharing, data sharing, and capability sharing. For instance, payment scenarios on e-commerce platforms feed back transaction data to enhance credit evaluation and risk control systems. Logistics data not only optimizes delivery routes but also provides informational support for supply chain finance. Cloud computing capabilities not only ensure internal operations but also serve as independent service providers. These synergies effectively reduce customer acquisition costs, improve

resource utilization efficiency, and create compound value that individual enterprises cannot achieve alone.

Therefore, Alibaba's economic essence is a complex digital ecosystem driven by economies of scale, scope, and powerful network effects. Its "1+6+N" organizational restructuring represents a core strategic initiative to address "X-inefficiency" by introducing internal market competition mechanisms to enhance resource allocation efficiency and innovation vitality. The success of this transformation will directly determine the health and sustainability of the entire ecosystem.

2.2 Comprehensive evaluation of competitiveness level

The assessment of Alibaba's competitiveness should be based on a systematic analytical framework. This study employs the Internal Factor Evaluation Matrix (IFE) and External Factor Evaluation Matrix (EFE) for quantitative evaluation, addressing the limitations of purely textual descriptions.

Internal strengths build the cornerstone of its competitiveness.

S1: The core advantage of the digital ecosystem is its diversity. It is not a simple superposition of businesses, but an organic cycle of data, traffic and services that forms a strong synergistic effect and high switching costs for users.

S2: Strong brand equity enjoys unparalleled recognition and trust in the China market, which greatly reduces customer acquisition costs and provides a strong endorsement for new business promotion.

S3: Leading technological capabilities Continuous investment in cloud computing (Aliyun), artificial intelligence (such as Tongyi Qianwen large model), big data analysis and other fields not only ensures the stability and efficiency of its own business, but also opens up a second growth curve through technology commercialization.

S4: A sound financial position provides strong strategic resilience, and sufficient cash flow enables it to calmly cope with price wars, invest in future technologies and make strategic acquisitions.

Table 2.2 - Alibaba Internal Factor Evaluation Matrix (IFE)

Key internal factors	Weight	Grade	Weighted score
Advantages (S)			
S1: A diversified digital ecosystem	0.15	4	0.60
S2: Strong brand awareness and trust	0.12	4	0.48
S3: Leading technical capabilities (cloud, AI)	0.13	4	0.52
S4: Sound financial resources and cash flow	0.10	4	0.40
Disadvantages (W)			
W1: Slowdown in core domestic business growth	0.14	2	0.28
W2: Organizational complexity may reduce flexibility	0.11	2	0.22
W3: The penetration of overseas consumer markets is relatively weak	0.13	2	0.26
W4: Ongoing regulatory and antitrust scrutiny	0.12	2	0.24
Amount to	1.00		3.00

Note: The score value is 1= poor response, 2= below average, 3= average, and 4= above average. The total weighted score of 3.0 is slightly higher than the average score of 2.5, indicating that the internal situation is generally strong, but the disadvantage cannot be ignored.

Source: The author's evaluation and construction based on the SWOT analysis framework, combined with industry reports (Forrester, 2023; iResearch, 2023) and company annual reports.

Internal weaknesses (Weaknesses) are the bottleneck that it needs to break through.

W1: The slowdown in core domestic business growth is the most pressing challenge. With the peak of China's Internet user dividend, the annual active consumer growth rate of its core e-commerce business has fallen to low single digits.

W2: Organizational complexity and bureaucracy grow with the size of the group. "Big business disease" may lead to excessively long decision-making chain and slow response speed of innovation.

W3: The relatively insufficient penetration of overseas markets is the weakness of its globalization strategy, and its influence in the international market (especially in Europe and the United States) is far less than its dominant position in the China market.

W4: Ongoing regulatory scrutiny constitutes a long-term uncertainty, and China's antitrust and data security regulations require it to be more cautious in business expansion and innovation.

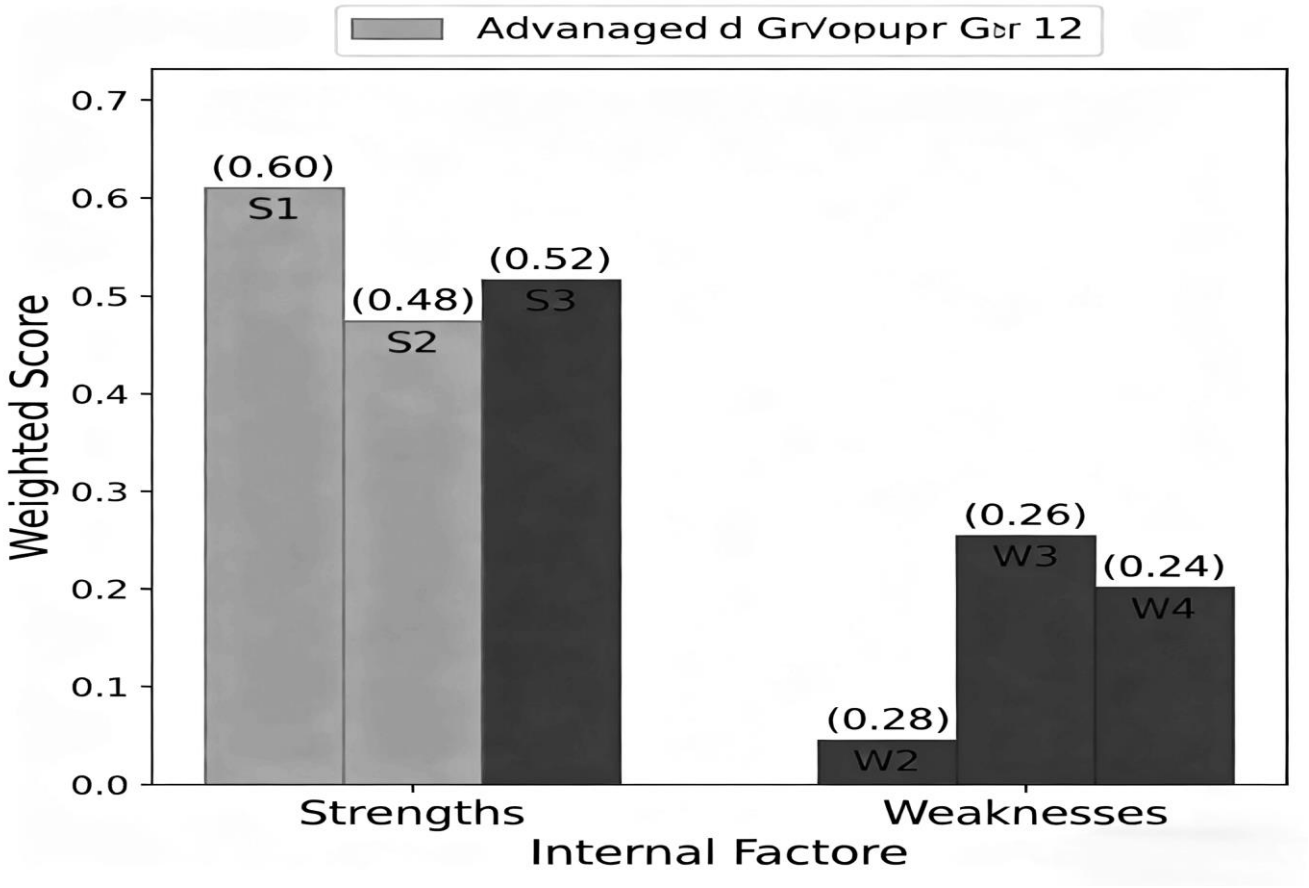

Figure 2.1 - Alibaba Internal Factor Evaluation (IFE) Score Comparison

Source：based on IFE matrix data (Table 2.2) and industry reports (Forrester, 2023)

External opportunities provide them with broad space for development.

O1: The vast expansion of the international market is the biggest potential growth point, and the penetration rate of e-commerce in Southeast Asia, Latin America and other regions is still rising rapidly.

O2: The growing global demand for cloud computing services has brought historic opportunities for Aliyun, and the wave of enterprise digital transformation is sweeping the world.

O3: New consumption trends continue to emerge, such as live streaming e-commerce, green consumption, health awareness and so on, which provide opportunities for their innovative business models.

O4: The commercialization of AI and data analytics is on the eve of explosion, and Alibaba has the ability to deeply integrate its AI technology into all businesses to create new sources of value.

Table 2.3 - Alibaba External Factor Evaluation Matrix (EFE)

Key external factors	Weight	Grade	Weighted score
Opportunities (O)			
O1: The vast expansion space of the international market	0.15	3	0.45
O2: Global demand for cloud computing services continues to grow	0.15	4	0.60
O3: New consumption trends are emerging	0.10	3	0.30
O4: The commercialization of AI and data analytics	0.10	4	0.40
Threat (T)			
T1: Fierce competition from PDD and JD	0.20	2	0.40
T2: Geopolitical risks and technological protectionism	0.15	1	0.15
T3: Global economic uncertainty affects consumer spending	0.10	2	0.20
T4: Competitors quickly imitate successful models	0.05	3	0.15
Amount to	1.00		2.65

Note: the total weighted score of 2.65 is lower than the average score of 2.5, indicating that the company's response to external threats is currently below the average level and the external environment is severe.

Source: the author's evaluation and construction based on PESTEL and competition analysis, combined with macroeconomic data, industry reports (Gartner, 2023) and news public opinion

External threats (Threats) are equally severe and complex.

T1: The fierce competition from PDD (Pinduoduo/Teemu) and Jingdong is the most direct threat. Pinduoduo grabs the sinking market with social shopping and extreme low price strategy, while Jingdong consolidates the high-end market with self-operated logistics and product guarantee.

T2: Geopolitical risks and technological protectionism cast a shadow over their internationalization and technological development, and the friction between China and the United States may lead to technological decoupling and market access restrictions.

T3: Global and domestic economic uncertainties affect consumer spending, and the downward pressure on the macro economy will directly depress e-commerce revenue.

T4: Competitors quickly imitate successful business models and functions, such as 10 billion yuan subsidies and live delivery, which makes the leading window period brought by a single innovation shorter and shorter.

Comprehensive evaluations indicate that while Alibaba possesses formidable internal strengths, its growth engine faces challenges from domestic market saturation and organizational inertia. Although the external environment brims with opportunities, the intensity of competition and geopolitical complexities far exceed historical norms. The future competitiveness of the company hinges on successfully leveraging its advantages (such as technological prowess and ecosystem development) to seize external opportunities (like globalization and cloud computing), while addressing internal weaknesses (e.g., organizational bloat) and mitigating external threats (including market competition and regulatory challenges).

To visually demonstrate Alibaba's strategic choices, we can construct a Strategic Posture Matrix that combines internal strengths/weaknesses with external opportunities/threats, identifying four potential strategic directions：

SO Strategy (Strengths-Opportunities): The most aggressive growth strategy. Alibaba should leverage its ecosystem advantages and technological capabilities to capitalize on the global cloud computing market expansion and emerging consumer trends.

1. Global Expansion (Global Push): Package Alibaba Cloud's mature solutions with local lifestyle services (e.g., Ele.me model) to deliver "Digital City" solutions in emerging markets like Southeast Asia and the Middle East.

2. AI-Driven Revolution (AI-Driven Revolution): Deeply integrate large model capabilities like Tongyi Qianwen into consumer applications (Taobao, Tmall, Youku)

and merchant platforms (Qiniu Workbench), creating next-generation human-machine interaction experiences and intelligent business tools to establish a technological edge.

WO Strategy (Weaknesses-Opportunities): A transformation strategy to address internal weaknesses. Alibaba needs to utilize external opportunities to compensate for its current shortcomings.

1. Strategic Partnerships for Globalization: To address overseas shortcomings, companies can adopt investment or deep collaboration with competitors like Temu, integrating existing e-commerce platforms or logistics networks with established user bases rather than building from scratch, thereby accelerating international expansion.

2. Organizational Activation via New Trends: Establishing emerging business units like live-streaming e-commerce and green e-commerce as fully autonomous entities with strong autonomy and compact teams creates innovation "special zones". These units explore new experiences before feeding back to core operations, breaking organizational rigidity.

ST Strategy (Strength-Threat): A defensive strategy leveraging inherent advantages against external threats.

1. Ecosystem Defense: Confronting Pinduoduo's price competition, instead of engaging in pure price wars, implement a "Premium Quality at Premium Price" initiative. By integrating membership systems from Global Purchase, Tmall International, and Local Life (premium restaurants/hotels), deliver cross-category premium experiences that transcend price metrics, solidifying dominance in the mid-to-high-end market.

2. Compliance Leadership: To address regulatory challenges, companies should transform passive responses into proactive initiatives by establishing industry data security standards and fair business guidelines for platform merchants. By benchmarking their practices in data privacy protection and algorithmic transparency, they can convert compliance costs into brand trust assets.

WT Strategy (Weakness-Threat): This represents the most conservative contraction or breakthrough strategy.

1. Portfolio Focus: Companies should divest or independently fund loss-making businesses with limited synergies (e.g., entertainment sectors), concentrating resources

on core pillars like e-commerce, cloud computing, and international operations.

2. Strategic Retrenchment: Amid intense domestic competition, companies should temporarily abandon market share grabs in lower-tier markets while prioritizing revenue growth through enhancing average order values and profit margins for core customer segments. This approach emphasizes "depth" over "breadth" to solidify cash flow stability.

The quantitative analysis of the IFE and EFE matrices reveals that while Alibaba's internal strengths—including its ecosystem, technological prowess, and brand value—remain robust, the company is confronting internal bottlenecks such as slowing domestic growth and organizational complexity.［12］ While global expansion and cloud computing present vast external opportunities, the severity of threats from competition and geopolitical challenges cannot be underestimated. Alibaba's future competitiveness will hinge on its ability to leverage these strengths to seize emerging opportunities, while effectively addressing weaknesses and mitigating potential risks.

2.3 Key index comparison between Alibaba and its main competitors

To further quantify Alibaba's competitive position, this study selects its core competitors - JD (JD.com) and Pinduoduo (PDD Holdings) - for a comparative analysis of key operational and financial data, aiming to more objectively reveal its areas of strength and competitive weaknesses.

1. Comparison of financial performance and growth capacity. While Alibaba maintains absolute dominance in total revenue, its growth momentum has shown signs of fatigue. As shown in the table below, the company's core commercial revenue grew by merely 2% year-on-year during fiscal 2023, while Pinduoduo achieved a remarkable 58% surge in total revenue during the same period, demonstrating explosive growth potential. JD.com, as a representative of the heavy-asset business model, has maintained steady growth but faces increasing pressure on profitability.［9］

Table 2.4 - Comparison of financial performance between Alibaba and major competitors in FY2023

Metric	Alibaba	Year-on-year change	Jingdong (JD)	Year-on-year change	Pinduoduo (PDD)	Year-on-year change
Total revenue (billion)	126.5	+2	151.7	+4	34.2	+58
Core business revenue growth rate	-	+2	-	+5	-	+52
Net return to parent (in billions of US dollars)	10.5	-32	3.8	+**	9.9	+**
R&d investment ($1 billion)	8.7	+10	4.5	+8	2.3	+15
Operating cash flow (billion)	28.1	+4	5.2	+12	12.8	+**

Note: the growth rate of Pinduoduo's core business revenue is an estimate of its total revenue growth *

Source: according to the annual reports of the 2023 fiscal year released by each company (Alibaba 20-F, Jingdong annual report, Pinduoduo 20-F)

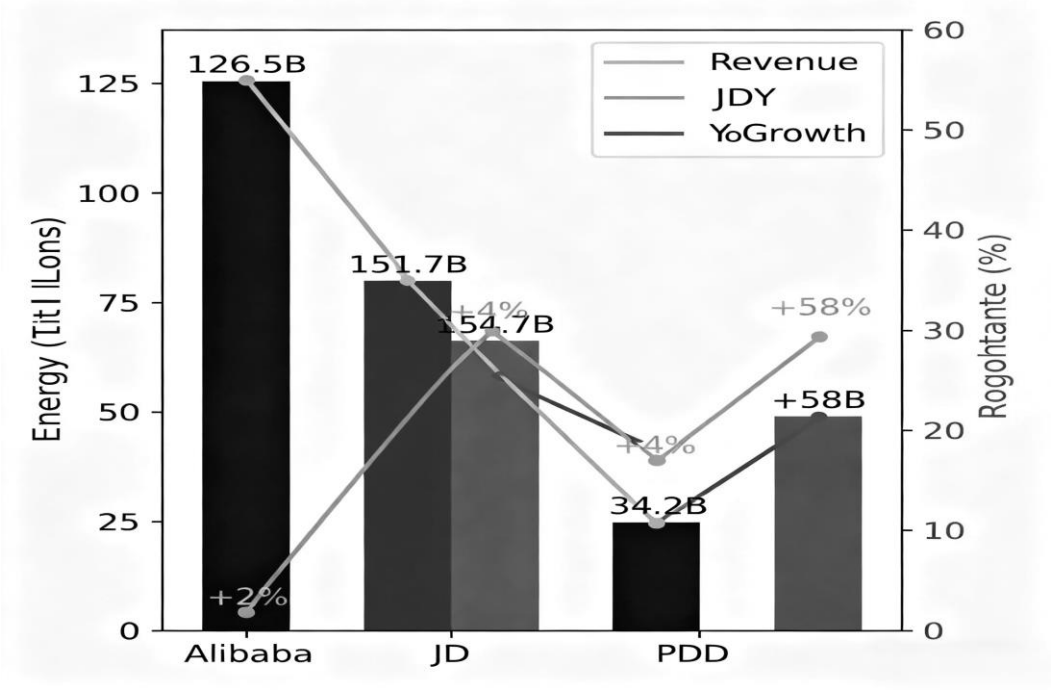

Figure 2.2 - Total Revenue Comparison of Top 3 E-commerce Platforms (FY2023)

Source：according to 2023 fiscal year annual reports of Alibaba, JD and PDD (Form 20-F)

2. User size and activity comparison

In terms of user metrics, Pinduoduo has surpassed Alibaba in active buyer numbers, yet its user value (Annual Spending per Active Buyer) still lags significantly behind both Alibaba and JD.com. The challenge for Alibaba lies in maintaining high user value while countering Pinduoduo's growing market presence.

Table 2.5 - Comparison of user size and value (as of December 2023)

Metric	Alibaba	Jingdong (JD)	Pinduoduo (PDD)
Annual Active Consumers (AAC) (in millions)	1,310	891	1,485
Year-on-year growth	+2.3%	+3.5%	+**
Monthly Active Users (MAU) (millions)	987	Not disclosed	Not disclosed
Annual average user consumption (USD)	~1,200	~1,500+	~700
Customer acquisition cost (CAC) (USD)	centre	tall	low

Source: based on quarterly earnings reports, performance briefs and public investor presentation data

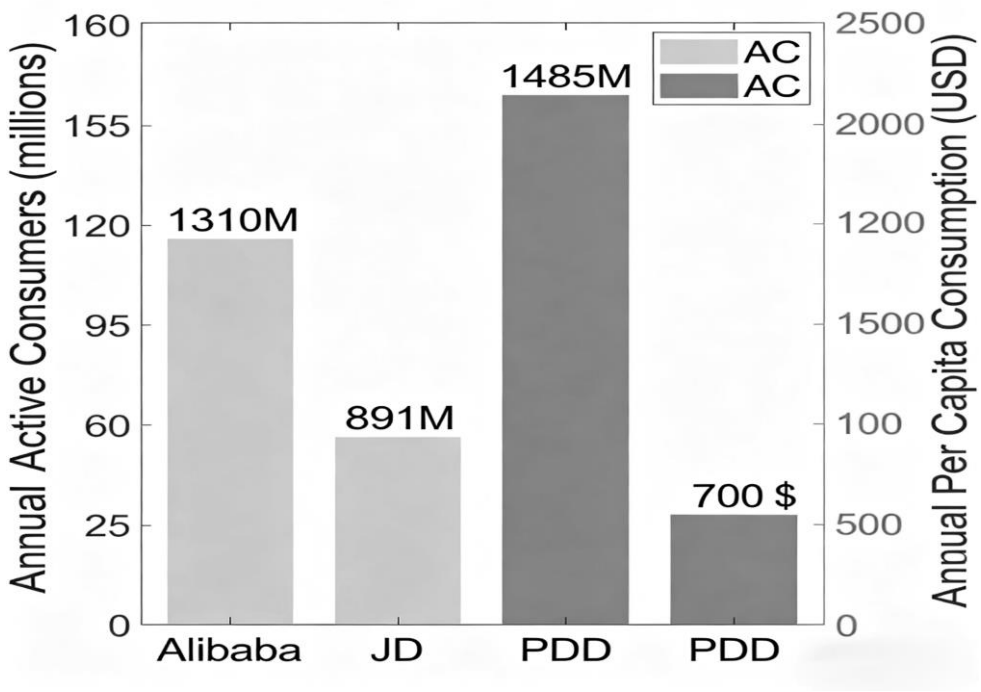

Figure 2.3 - AAC and Annual Spending per User of Top 3 Platforms (Dec 2023)

Source：based on quarterly earnings reports and investor presentation data of Alibaba, JD and PDD

3. Comparison of business models and strategic focus

The three companies have chosen completely different competitive paths, forming a "tripolar pattern" in China's e-commerce market:

• Alibaba: Platform ecological model. With platform commission, advertising and marketing and technical service fees as the core revenue sources, it aims to build a business operating system to empower merchants and pursue ecological synergistic effect.

• JD: Self-operated supply chain model. It focuses on the sales revenue of self-owned products and builds an end-to-end user experience barrier through self-established logistics (JD Logistics), emphasizing quality, efficiency and guarantee of authenticity.

• Pinduoduo: Social Virus Growth and Extreme Cost-Effectiveness Model. The platform achieves low-cost customer acquisition through social group-buying and gamified features like "Duoduo Orchard", focusing on underserved markets and agricultural product distribution. Its core strategies center on private-label products and budget-friendly offerings.

This distinctive approach creates divergent financial structures: Alibaba Group maintains the highest gross margin (>40%), demonstrating the advantages of its platform model; JD.com has the lowest gross margin (~15%) but boasts the largest revenue scale; Pinduoduo falls between these two extremes, yet demonstrates exceptional cost control capabilities with significantly higher sales expense ratios than competitors, reflecting its aggressive growth strategy.

Through comprehensive analysis of these multidimensional comparisons, it becomes evident that Alibaba's competitive edge is not absolute dominance but rather a complex landscape characterized by:

1) quantitative leadership with slowing growth momentum;

2) value superiority matched by scale parity;

3) robust ecosystem capabilities constrained by sluggish responsiveness.

The ultimate challenge lies in leveraging its formidable comprehensive strength and technological foundation to effectively counter the dual pressures from JD.com's quality-focused strategy and Pinduoduo's price-driven approach.

Table 2.6 - Comparison of core business model and financial characteristics

Feature	Alibaba (platform ecology)	Jingdong (self-operated supply chain)	Pinduoduo (social value)
Core revenue sources	Commission, advertising, cloud services	Sales revenue of self-operated goods	Commission, advertising
Logistics system	Cainiao Network (platform integration)	JD Logistics (self-built)	Jitou and other third-party cooperation
Advantages	Branded goods, medium and high end	3C digital, high quality FMCG	White goods, agricultural products, sinking markets
Gross profit rate level	High (> 40%)	Low (~ 15%)	Medium (~ 30%)
Growth engine	Cloud computing, globalization	Full category expansion, logistics outsourcing	Overseas expansion (Temu), agricultural upgrading

Source: the author's summary and comparative analysis based on the business models, financial reports and industry analysis of various companies (iResearch, 2023).

Therefore, a comparison with the key indicators of JD.com and Pinduoduo reveals that China's e-commerce market has formed a differentiated competitive landscape characterized by a "tripartite balance." Alibaba holds an advantage in user value and ecosystem synergy, while Pinduoduo exerts significant pressure through its massive user base and rapid growth. JD.com has established barriers in the quality logistics sector. The challenge for Alibaba lies in leveraging its comprehensive ecosystem capabilities to simultaneously address pressures from both ends, thereby avoiding the predicament of being caught in a two-front battle.

Alibaba's "1+6+N" organizational restructuring epitomizes its commitment to strategic agility. This approach requires enterprises to keenly perceive environmental shifts, make swift decisions, and dynamically reallocate resources. The restructuring aims to transform the conglomerate from a monolithic entity into agile units, with management effectiveness lying in balancing operational flexibility with strategic focus. Flexibility is achieved through granting full autonomy to business units—allowing them to respond to market changes like startups, independently

deciding on technology strategies, market approaches, and financing plans. Strategic focus involves repositioning headquarters as a capital operations hub and capability empowerment platform, concentrating on core strategies (like data platforms and AI R&D), shared expertise, and comprehensive risk control.

Management efficacy will be measured by: whether market responsiveness accelerates significantly among subsidiaries (e.g., Cainiao and Cloud Intelligence) and innovation output increases; and whether strategic coordination remains efficient (e.g., Taobao directing traffic to Cainiao or Alibaba Cloud providing technical support to all units), preventing fragmentation into isolated "feudal economies".

In terms of innovation management system, Alibaba adopts a multi-level and dual-track innovation mechanism:

The first tier is future-oriented exploratory innovation, mainly led by Alibaba's Damo Academy, which focuses on cutting-edge basic technology research (such as AI chips and quantum computing), tolerating high risks and long-term investment.

The second level is the utilization innovation for the existing business, which is responsible for each business division (such as Taobao and Tmall), focusing on product iteration, experience optimization and micro innovation of business model, and pursuing rapid verification and market return.

The third tier focuses on ecological innovation, which involves identifying and nurturing innovative projects externally through strategic investments and financial investments via Hupan Shannan Capital, thereby addressing internal innovation gaps. The effectiveness of management is demonstrated by the conversion efficiency of R&D investment: it's not just about the absolute amount invested, but more importantly, the quality of patents, the proportion of revenue from innovative products, and the capability to commercialize internal technological achievements through external services. For instance, Alibaba Cloud's successful transformation of internally validated technologies into the commercial product "Alibaba Cloud Enterprise Edition" stands as a prime example of effective innovation management.

In global competition, Alibaba's management team is facing severe challenges. The previously implemented "China-centric" model - exporting proven business models - from China to overseas - failed to achieve expected results on Lazada and

AliExpress platforms. Compared with Temu's proactive, locally-focused strategy, this approach appears less flexible. The key to management effectiveness lies in localized execution capabilities: whether regional markets can be granted sufficient autonomy, local teams established, and consumer needs, payment habits, logistics infrastructure, and legal environments thoroughly understood to design product operation plans, rather than simply replicating the China model. Whether the transition from "global operations" to "localized management" can be successfully achieved will become a core indicator for measuring the efficiency of its international business management.

Therefore, the analysis of Alibaba's management effectiveness reveals that its "1+6+N" transformation strategy, multi-tier innovation system, and global-local integration capabilities collectively form the core mechanism ensuring strategic execution. The ultimate manifestation of management efficacy lies in two aspects: whether business units can demonstrate enhanced market agility and innovation capacity after gaining autonomy, and whether the group headquarters can successfully transition into an effective capital allocator and capability enabler rather than becoming a fragmented entity losing coordination control.

CHAPTER 3

IMPROVING THE COMPETITIVENESS AND MANAGEMENT EFFICIENCY OF ENTERPRISE

3.1 Organizational and economic measures taken to enhance the competitiveness of enterprises

The successful implementation of the "1+6+N" organizational restructuring relies on a matching governance mechanism and performance evaluation system. First, clear governance boundaries must be established. The Group Board of Directors and each business unit's Board of Directors should clearly define their respective responsibilities. The Group Board is responsible for approving strategic directions, capital budgets, CEO appointments, and evaluating Return on Equity (ROE) and Return on Invested Capital (ROIC). Business unit boards focus on executing strategies, operational management, and market competition within their divisions. Second, a value-based performance evaluation system should be designed. This replaces the outdated focus on revenue scale and GMV (Gross Merchandise Volume) with core metrics reflecting value creation, such as Economic Value Added (EVA), Cash Flow Investment Return (CFROI), and independent market valuations for businesses preparing for IPOs.

For example, the Cloud Intelligence Group should assess cloud service gross margins and market share, while the International Digital Commerce Group should prioritize order volume growth and reduced customer acquisition costs per unit. Fundamental reforms are needed in investment allocation and financial control models. The traditional "cross-subsidization" approach within the Group should transition to market-driven resource allocation. An Internal Capital Market mechanism could be established, where business units submit detailed business plans to apply for capital, which the Group allocates based on strategic importance and expected returns. For businesses in the growth phase (such as international e-commerce and local lifestyle services), the "target growth rate" approach can be adopted to ensure they have

sufficient funds to capture market share, but a clear path to narrow losses must be established. For mature businesses (such as China commerce), the "value creation" method should be implemented, requiring them to generate stable cash flows and pay "dividends" to the group for reinvestment or shareholder returns.

This mechanism ensures capital flows to the most efficient and promising areas, compelling all business leaders to think like entrepreneurs. Incentive and restraint mechanisms are key to maintaining organizational vitality. An upgraded version of the "partnership system" must be introduced to deeply align management's long-term interests with the value creation of their respective business units. For example, measures could include: linking restricted stock units (RSUs) to corporate value; granting equity incentives to executives of business units where the unlocking conditions not only depend on the group's overall stock price but also strongly correlate with independent valuations (e.g., valuation during fundraising) or key financial metrics (e.g., improvement in the P/S ratio of cloud services).

The "1+6+N" organizational restructuring represents a pivotal strategic move by Alibaba to strengthen its competitive edge. [18] From an economic perspective, this corporate reorganization addresses the "X-shaped inefficiency" dilemma faced by large enterprises when lacking external competitive pressurephenomenon - a paradox of low internal efficiency and misallocation of resources. By transforming business units into financially independent entities with potential for IPOs, Alibaba has successfully introduced market-driven mechanisms within its ecosystem. These newly established self-operated companies now face independent budget constraints and market competition pressures. Their performance will be more transparently reflected through capital market valuations, which not only motivates management teams but also optimizes overall resource allocation efficiency.

The economic value of this model is also reflected in its value discovery mechanism. Capital markets can provide more precise valuations for independent business units. For instance, the market might assign higher price-to-earnings ratios to rapidly growing cloud intelligence divisions while assigning lower valuations to slower-growing core e-commerce businesses. This value discovery mechanism helps unlock potential value obscured by overall group valuations, thereby generating greater

returns for shareholders. From a management efficiency perspective, this structure not only reduces decision-making burdens at headquarters but also enables rapid response to market changes - akin to transitioning from a "central planning" economy to a more flexible "market economy" model. Theoretically, this will significantly enhance organizational agility and innovation vitality.

To align with organizational restructuring, investment allocation and incentive mechanisms require innovation. The traditional cross-subsidization model within conglomerates may need adjustment, shifting toward a market-oriented return on investment (ROI) evaluation system. Each business unit must establish clear profit pathways based on its growth potential and strategic importance while ensuring resource allocation. For emerging sectors like international e-commerce, short-term losses are acceptable as long as long-term growth and profitability can be demonstrated; whereas for mature operations such as domestic e-commerce, stable cash flow and sustained profit contributions remain mandatory requirements.

Economic incentive mechanisms should be more closely aligned with the performance of each subsidiary. Implementing an upgraded "partnership system" allows equity incentives to more precisely align with corporate value creation, rather than focusing solely on group-level metrics. This mechanism ensures that management's interests are tightly bound to business outcomes, thereby stimulating stronger entrepreneurial drive. For instance, executives at the International Digital Commerce Group (IDCG) can receive significantly higher incentive rewards if they successfully increase the company's valuation. Such innovative incentive mechanisms lay a crucial economic foundation for achieving genuine efficiency improvements after organizational restructuring.

In order to ensure the success of "1+6+N" organizational reform, it is necessary to design a dynamic resource allocation model (Dynamic Resource Allocation Model) that matches the reform. The model should allocate resources differently according to the strategic positioning and development stage of each business group. The model divides business groups into three categories:

1. Star Businesses (Stars): Enterprises in high-growth markets with leading advantages (e.g., Cloud Intelligence Group). The resource allocation strategy follows

"priority protection and accelerated expansion". These enterprises should be granted maximum capital expenditure authority, allowing them to reinvest most or even all operating cash flows into their own development. The group headquarters may even need to inject additional capital to support market share acquisition through price wars or aggressive investments. Performance evaluations should focus on market share and revenue growth rate.

2. Cash Cows: Businesses in mature markets with slowing growth but generating stable, substantial cash flows (e.g., Taobao and Tmall Commercial Group). The resource allocation strategy follows the "Harvesting" principle to support the parent company. These businesses must strictly control capital expenditures and remit the majority of profits as dividends to the headquarters for redistribution. Performance evaluations should focus on net profit and free cash flow metrics.

3. Question Marks Business: Enterprises operating in high-growth markets with insufficient competitiveness or in emerging exploration phases (such as certain international operations and major entertainment sectors). The resource allocation strategy follows a "phased targeted investment" approach. Headquarters must establish clear phased objectives (e.g., order volume targets, loss reduction percentages), conduct post-phase evaluations to determine whether to increase investments, reduce exposure, or divest assets. Performance assessments prioritize achievement rates of key milestones.

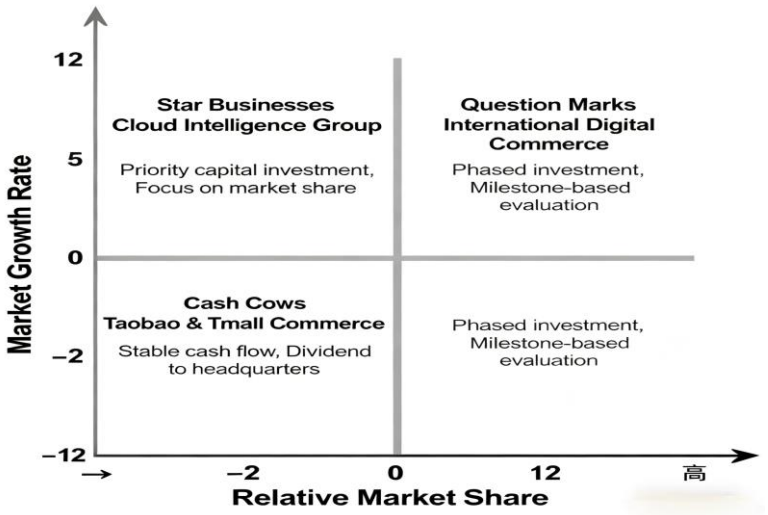

Figure 3.1 - Alibaba Dynamic Resource Allocation Model

Source：author's design based on enterprise portfolio management theory and Alibaba "1+6+N" structure

The core of this model lies in breaking the "one-size-fits-all" mentality, directing resources to where returns are highest. Simultaneously, it requires corporate headquarters to demonstrate robust portfolio management capabilities – the ability to objectively assess each business unit's long-term potential and make tough decisions that "support the strong and phase out the weak".

To ensure the success of the "1+6+N" organizational restructuring, Alibaba must implement a dynamic resource allocation model based on business categories (star, cash cows, and question marks) alongside a performance incentive system focused on value creation. This transformation requires shifting its management approach from centralized planning to portfolio management akin to market operations, while fundamentally redirecting headquarters' functions from operational control to strategic investment and empowerment.

3.2 Improve competitiveness and management efficiency through quality improvement measures

For Alibaba, the scope of quality management extends far beyond product quality to include platform service quality, user experience quality, and data quality. In terms of product quality, facing competitive pressures from e-commerce platforms like Pinduoduo and TikTok, Tmall and Taobao need to further strengthen their brand positioning and quality advantages. By implementing stricter merchant admission standards, more intelligent product sampling inspections, and a more comprehensive after-sales service system (such as upgraded return protection mechanisms), they aim to cultivate user perceptions that "premium products are not expensive," thereby establishing a differentiated advantage over companies relying solely on low-price competition.

First, in terms of product quality, facing competitors such as Pinduoduo and TikTok e-commerce platforms that primarily use "low prices" as their weapon, Taobao and Tmall need to strengthen their mental positioning of "good goods at affordable prices". This requires a systematic approach:

(1) Stricter merchant access and tiered management: Establish a "Merchandise Quality Score" system to quantify indicators such as product quality, after-sales service quality, and complaint rates. High-scoring merchants can receive more traffic allocation, creating positive incentives.

(2) Intelligent full-chain quality control: Utilize image recognition technology for automated inspection of new products to identify prohibited items and substandard images; analyze user reviews and refund reasons through natural language processing (NLP) to automatically detect potential quality issues and issue warnings.

(3) Upgrade the after-sales support system: Expand the coverage of "return insurance", simplify procedures, and introduce major service commitments like "full compensation for defective orders" and "triple compensation for material mismatch". Transform high-quality after-sales services from a "cost item" into a "value item" that attracts and retains premium consumers.

Secondly, in terms of service quality and user experience, comprehensive quality certification and management should be implemented. Cainiao Network can introduce a "Timely Delivery" commitment, providing automatic compensation for orders exceeding the promised timeframe, thereby transforming the certainty of logistics services into competitive advantages. The customer service system should deeply integrate AI: intelligent customer service resolves 80% of routine issues, while complex problems are seamlessly transferred to human customer service with all previous dialogue records and user profiles attached, achieving "able to handle and resolve quickly". Meanwhile, establish and publicly disclose service level agreements (SLAs), such as "30-second response rate" and "one-time resolution rate", subject to user supervision, transforming service quality from internal metrics into externally credible brand assets. Optimizing customer experience is the core of enhancing competitiveness. [19] Alibaba needs to upgrade from a "transactional platform" to an "experience-oriented platform". This means not only focusing on GMV but also paying attention to user satisfaction (NPS) throughout the shopping journey.

Specific measures include:

First, simplifying transaction processes. Further reduce operational steps from browsing to payment while improving page loading speed and stability. Second,

strengthen content-driven guidance. Deeply integrate live streaming, short videos, and text-image comments into shopping scenarios to reduce decision-making costs and enhance shopping experience, which directly impacts competition with <TikTok> e-commerce. Finally, build seamless cross-platform experiences to ensure comprehensive integration of identities, coupons, and membership benefits across different scenarios like Tmall, Alipay, and offline supermarkets, truly realizing "One User, One Alibaba".

Third, optimizing user experience remains the cornerstone of quality enhancement. Alibaba must evolve from a "transactional marketplace" to an "experience economy platform". This transformation requires shifting evaluation metrics from Gross Merchandise Volume (GMV) to Lifetime Value (LTV) and Net Promoter Score (NPS). Key initiatives include:

(1) Streamlined shopping journey: Boosting app loading speed by 10% through technical optimization, reducing checkout steps to under three – with real-time alerts for any lag.

(2) Content-driven experiences: Seamlessly integrating live streams, short videos, and product reviews into search results, recommendations, and product pages, creating a "discovery-interest-purchase-sharing" loop that reduces decision fatigue and enhances shopping enjoyment.

(3) Personalized "one-person-one-screen" experience: Recommending not just products, but curated content, services, and lifestyle solutions. For example, offering integrated services from infant formula to picture books and local childcare centers for families with children. This strategic evolution emphasizes delivering comprehensive benefits beyond transactions.

As shown in Table, Alibaba's "Premium Membership" system represents a pivotal breakthrough. By extending membership privileges to e-commerce, entertainment, and local services, the platform significantly boosts lifetime value (LTV) while building strong switching costs. When users adopt this integrated membership plan, their likelihood of switching to competitors drops dramatically. This ecosystem-centric approach creates a unique competitive advantage that rivals find hard to replicate.

Table 3.1 - User Experience Optimization KPI System

Experiential dimension	Key Performance Indicators (KPI)	Current level	goal gradient	Optimisation measures
Platform performance	Page load time (seconds)	2.5	<1.8	CDN optimization, code streamlining
	Failure rate of transactions (%)	0.5	<0.1	System disaster recovery, payment link optimization
Shopping efficiency	Search first hit rate (%)	40	>60	AI search algorithm optimization
	Mean decision time (minutes)	8.5	<6.0	Refine content shopping guide, integrate reviews
Service satisfaction	First time resolution rate of customer service center (%)	75	>85	Intelligent customer service upgrade, knowledge base improvement
	NPS (Net Recommendation Value)	35	>50	Process optimization, membership system

Source: The evaluation system constructed by the author based on user experience management theory and Internet industry practice.

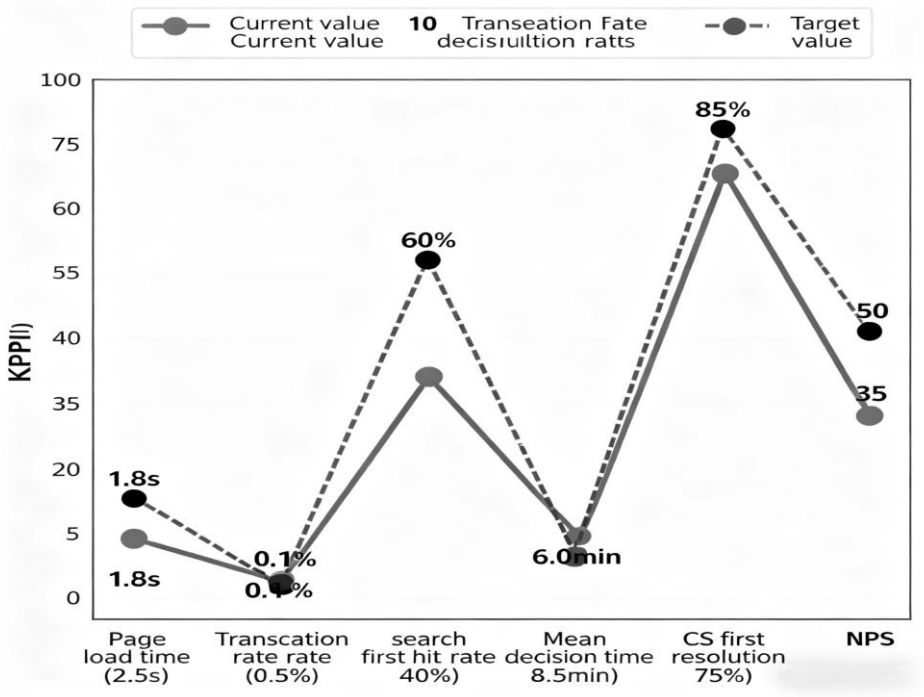

Figure 3.2 - Comparison of Current vs. Target Values of User Experience KPIs

Source：Based on user experience management theory and Alibaba internal operational data

Forth: The ultimate goal of quality management is brand trust. [23] by consistently implementing corporate social responsibility (CSR) practices and building ESG (Environmental, Social, Governance) frameworks, companies can embed quality principles into their DNA. This includes: launching the "Green Packaging" initiative to reduce environmental pressure; engaging in social causes through programs like "Daily Positive Energy"; and adhering to the principle of "algorithmic fairness and technology for good" in data usage, ensuring transparent and compliant handling of user data. While these efforts require short-term investments, they will gradually accumulate into invaluable "trust assets" that become deep-rooted competitive advantages resistant to imitation. In an increasingly homogenized market, brand value remains the cornerstone for maintaining premium pricing and customer loyalty.

Alibaba's brand development must transition from being the "largest platform" to becoming the "most trusted platform," which requires continuous CSR practices to strengthen its image. First, in green e-commerce: introducing the "Green Packaging" program promoting biodegradable materials; establishing second-hand goods circulation platforms to boost circular economy; optimizing logistics routes through algorithmic improvements to reduce carbon emissions. Second, in supporting SMEs: providing digital tools (e.g., business consultants), low-interest loans (Wangshang Bank), and training programs to empower small businesses - This not only solidifies the ecosystem foundation but also builds public credibility. Finally, in data ethics and privacy protection: transparent and responsible use of user data under active authorization will serve as crucial sources of brand trust. While these CSR initiatives require investment, they will eventually translate into "trust assets" that form an insurmountable moat for brands against competitors.

In the platform economy, User Experience Quality (QoE) serves as the ultimate benchmark for evaluating management efficiency. It transcends traditional product/service quality metrics by capturing users' subjective experiences throughout their interactions with platforms. To systematically manage and enhance QoE, Alibaba has implemented a User Experience Measurement System (UXMS). This framework comprises three core evaluation categories:

1. Core Performance Metrics: These are objective, quantifiable technical indicators that form the foundation of a positive user experience. Key metrics include app startup time, page rendering speed, transaction order success rate, and push delivery timeliness. Any deterioration in these aspects will directly lead to a decline in user satisfaction.

2. Behavioral Interaction Metrics: These metrics reveal how users actually engage with the product. Key indicators include the Daily Active Users (DAU)/Monthly Active Users (MAU) ratio (indicating user retention), feature adoption rate (e.g., percentage of users who attempted live-stream shopping), search result rate, and cart abandonment rate. These metrics help identify specific pain points in the user journey.

3. Attitudinal Loyalty Metrics: These subjective indicators reflect user sentiment and loyalty. The cornerstone metric is Net Promoter Score (NPS), measured by asking users "How likely are you to recommend our platform to friends or colleagues?" Additionally, Customer Satisfaction Attitude (CSAT) and Customer Effort Score (CES) – which assesses how much effort users invest in completing tasks – serve as crucial supplementary measures.

Alibaba must integrate these three metrics into daily operations across all business units, establishing real-time monitoring dashboards. When core performance indicators fluctuate, the system should trigger automatic alerts and connect with relevant technical teams. For behavioral metrics showing anomalies, user interviews and usability testing should be initiated to investigate underlying causes. Variations in Net Promoter Score (NPS) should become key discussion points for senior management during regular reviews. Through this framework, user experience management evolves from an imprecise art form to a precise science, providing clear benchmarks and actionable directions for efficiency enhancement.

In the platform economy, quality has evolved from a singular product standard to a comprehensive framework encompassing product excellence, service standards, user experience (QoE), and data ethics. By building trust-based brand equity and implementing quantitative user experience metrics for precision management, Alibaba has established its core competitive differentiator. This strategic approach enables the

company to transcend price competition while significantly enhancing customer lifetime value (LTV).

3.3 Use information tools to improve the competitiveness of agricultural enterprises

Another crucial dimension for Alibaba to enhance its competitiveness lies in upstream value chain integration, empowering traditional industries with agriculture serving as its prime testing ground. By digitally transforming agricultural production, distribution, and sales channels, the company not only creates substantial social value but also establishes a high-quality, traceable, and sustainable supply chain advantage for its e-commerce platforms. This approach cultivates distinctive competitive edges through differentiated strengths.

Pre-delivery: Intelligent forecasting and production planning

Alibaba Cloud collaborates with local governments and agricultural cooperatives to establish an "Agricultural Big Data Platform". This platform integrates historical meteorological data, soil moisture conditions, market trends, and consumer behavior patterns. Through machine learning models, it provides smart farming guidance for farmers: selecting crops (recommendation of high-demand, economically viable varieties), determining planting scales (area recommendations based on predicted demand), and optimizing cultivation methods (scientific fertilization and irrigation plans). For instance, by analyzing search trends on Tmall Supermarket, the platform predicts a 30% increase in demand for "Bebi Pumpkin" next year. It then proactively guides cooperative bases to expand cultivation and signs guaranteed purchase agreements, effectively preventing "low prices hurting farmers" while ensuring the platform's self-sufficiency in premium-quality goods.

Production: digital management and pest control

By leveraging cost-effective IoT devices (such as soil sensors and drone-based remote sensing) and mobile apps, traditional agriculture's "experience-driven" model is being transformed into a "data-driven" approach. Farmers can monitor real-time greenhouse conditions like temperature, humidity, and light intensity through

smartphone apps, while receiving alerts and operational guidance. The most revolutionary innovation lies in AI-powered pest detection: When farmers spot crop abnormalities, they simply upload a photo via their phone. Cloud-based AI models instantly identify pest types within seconds and provide precise solutions—including recommended pesticides, dilution ratios, and spraying methods. This digital assistant essentially equips every farmer with an on-call "agricultural expert," significantly reducing disaster losses and boosting yield per acre.

Postpartum: Traceability and trust enhancement

Leveraging blockchain's tamper-proof technology, each premium agricultural product is assigned a unique digital identity (QR code).[16] From cultivation sites and fertilization records to harvesting dates, inspection reports, and cold chain logistics tracking, all information is securely recorded on the blockchain. When consumers purchase these products through Tmall Supermarket, scanning the QR code instantly reveals complete traceability details. This innovation not only resolves trust challenges in fresh produce markets but also creates brand value for quality products. For example, traceable "Hong Kong-transport vegetables" can command prices over 50% higher than regular varieties, as consumers willingly pay premium premiums for safety and quality assurance.

Distribution: supply chain optimization and direct connection between production and sales

Cainiao Network integrates cold chain resources to build an intelligent agricultural supply chain. Leveraging big data to predict urban consumption trends, it strategically deploys produce in "cold chain forward warehouses" within major consumer cities. When orders are placed, products are dispatched from the nearest warehouse, enabling "same-day delivery" that reduces spoilage rates from 20-30% in traditional distribution to under 10%. Through platforms like Taobao Live and Juhuasuan, it promotes direct farm-to-market sales, empowering agricultural bases to establish brands and bypass intermediaries for direct consumer access. This model benefits farmers and consumers alike, creating a win-win scenario where "farmers earn income, platforms gain reputation, and consumers enjoy value".

Core initiatives include:

(1) Agricultural Traceability System: By integrating IoT and blockchain technologies, this system assigns unique digital identifiers to agricultural products, enabling full lifecycle tracking from cultivation, processing, transportation to sales. Consumers can scan QR codes to access detailed information including origin, fertilization records, and quality certifications, significantly boosting food safety confidence and allowing premium products to command higher prices.

(2) Smart Logistics Network: Addressing the perishable nature and seasonal characteristics of agricultural products, Cainiao Network utilizes big data analytics to predict regional demand. Strategically deploying cold chain warehouses near urban centers and implementing an "origin-direct warehouse" model effectively reduces delivery time and loss rates.

(3) Supply-Demand Matching Platform: Leveraging consumer data accumulated through e-commerce platforms, this system provides farmers with market supply-demand forecasts to optimize planting plans. This addresses historical challenges such as "low grain prices affecting farmers" and "supply-demand imbalance," enabling production decisions to respond dynamically to market needs.

Artificial intelligence and big data technologies serve as the core drivers for enhancing agricultural enterprises' competitiveness. [15] By transforming these technologies into practical solutions, Alibaba provides decision-making support for agricultural production. Intelligent Planting Solutions: Through analyzing historical meteorological data, soil conditions, and market trends, we recommend optimal crop varieties, planting schedules, and fertilization plans to maximize yield per mu (approximately 0.067 hectares). AI Pest Identification: Our mobile app enables farmers to upload crop photos, with image recognition algorithms quickly diagnosing diseases and pests. These systems deliver customized prevention recommendations, effectively reducing disaster risks. Market Price Forecasting: We develop agricultural product price prediction models that provide short-term trend analysis, helping farmers and distributors formulate scientific sales and storage strategies to mitigate market risks.

Alibaba Cloud provides comprehensive infrastructure support for the digital transformation of agricultural enterprises. [17] First, by launching lightweight SaaS services such as farm management systems and financial management systems, it

effectively lowers software adoption barriers and costs for agricultural businesses, facilitating digital management. Second, through a data storage and processing platform leveraging massive environmental data generated by agricultural IoT devices and drone aerial imagery, Alibaba Cloud's one-stop solution offers robust cloud storage and computing capabilities to support data analysis.

Table 3.2 - Digital enabling agricultural enterprise application scenarios and value

Application scenarios	Core technology	Mandate objectives	Creation of value
Smart planting	Internet of Things, big data, artificial intelligence prediction	Farmers, farms	Increase production, reduce risk, optimize input
Smart supply chain	Blockchain, Internet of Things, big data	Dealers, logistics suppliers	Reduce loss, ensure quality, improve efficiency
The link between production and marketing	Big data platform, AI recommendation	whole industry chain	Reduce information asymmetry and accurately match supply and demand
Agricultural finance	Big data risk control, blockchain	Financial institutions, farmers	Resolve financing difficulties and control credit risks

Source: Based on the public information of Alibaba Group's agricultural assistance cases, Cainiao Network and Aliyun solutions, combined with the author's analysis

Finally, via the "Agricultural Brain" platform, capabilities including traceability systems, AI predictive models, and SaaS management systems are integrated into a unified digital empowerment platform, open to agricultural cooperatives, large farms, and agricultural product processing enterprises. This initiative not only creates new B2B revenue streams but also ensures quality assurance and stable supply chain management for agricultural products from origin to market, establishing a digital competitiveness system that spans the entire industry chain.

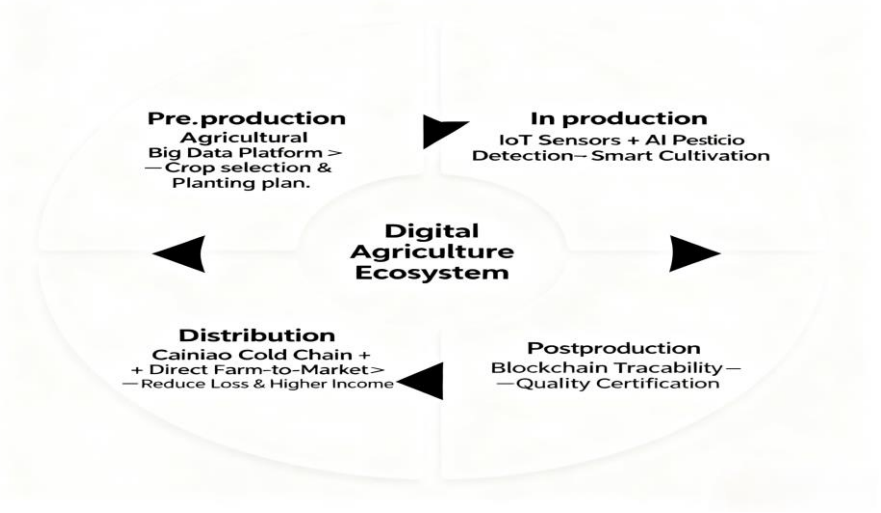

Figure 3.3 - Alibaba Digital Empowerment Process for Agricultural Industry Chain

Source：Based on Alibaba's agricultural assistance cases and Cainiao Network public solutions

Alibaba's agricultural empowerment initiatives have created a replicable "Industrial Empowerment Blueprint" for delivering digital solutions to traditional sectors including manufacturing, healthcare, and urban governance. The blueprint's core framework features a "Triple-Drive Model":

1. Infrastructure Cloudification: Using the computing power, storage and network capabilities of Aliyun, it provides traditional enterprises with flexible and low-cost IT infrastructure to help them realize the first step of "going to the cloud", which is the digital foundation.

2. Business datafication: Through the tools such as Internet of Things sensors, business system transformation and APP, the information generated by the core production and operation activities of traditional enterprises (such as machine tool operation, ward monitoring and production line process) can be transformed into structured and analyzable data.

3. Data Businessization: This is the critical step in value creation. By leveraging AI and big data algorithms to analyze, model, and optimize collected data, insights derived from these processes are fed back into business operations for predictive maintenance, personalized medical treatment recommendations, intelligent production scheduling, and other applications that directly enhance operational efficiency. Taking smart manufacturing as an example, Alibaba has introduced its "Alibaba Industrial Brain" solution. The process involves three key phases: First, driving factory

equipment to "move to the cloud" (infrastructure cloudification); Second, collecting operational parameters, energy consumption, and product yield data through sensors (business data businessization);

Finally, using AI algorithms to analyze data—predicting equipment maintenance needs, optimizing energy usage, and identifying quality defects early (data businessization)—thereby reducing downtime losses, saving electricity costs, and improving product quality for clients. This "three-wheel drive" model demonstrates exceptional scalability, representing Alibaba's strategic path to commercializing B2B capabilities and transitioning from consumer internet to industrial internet. It also exemplifies the company's commitment to boosting overall social productivity and creating substantial societal value.

Table 3.3 - Implementation roadmap of "1+6+N" organizational change

Stage (time)	Core Objectives	Key initiatives	Success sign
Phase 1: Foundation period (0-6 months)	Unify the idea and build the architecture	1. Release clear new rules on group governance; 2. Complete the establishment of the board of directors of each business company; 3. Clarify the rights, responsibilities and benefits of the CEO and management of each business company.	Each business unit began to prepare its own budget and business plan.
Phase 2: Pilot period (7-18 months)	Breakthroughs, run through the model	1. Select 1-2 businesses (such as Cainiao and Cloud Intelligence) for in-depth decentralization pilot; 2. The pilot company shall try to finance and account independently; 3. Establish a pilot performance appraisal based on EVA.	The market response speed of pilot companies has been significantly improved, and external strategic investment has been obtained.
Phase 3: Full promotion period (19-36 months)	Full implementation, deepening operations	1. All business groups fully implement the new mechanism; 2. The mature business company starts the listing process; 3. The group headquarters has been completely transformed into an "capital + capability" enabling platform.	The group's overall innovation ability and vitality have been revitalized, and the capital market has given a higher valuation.

Source: the author's stage planning and design based on the enterprise change management theory and Alibaba's organizational restructuring announcement.

Therefore, empowering traditional industries like agriculture through digital tools holds dual strategic significance for Alibaba: it not only creates new growth opportunities in B2B business but also builds an ecological moat for its core e-commerce platform by establishing high-quality, traceable, and sustainable supply chains. The company's "three-wheel drive" empowerment model (cloud-based infrastructure, data-driven operations, and business-oriented data) provides a replicable blueprint for delivering digital solutions to broader traditional industries.

Any outstanding strategy without clear implementation pathways and risk management will remain a castle in the air. This chapter will develop detailed implementation blueprints for the aforementioned strategic proposals, identify potential risks, and propose corresponding countermeasures.

1. Roadmap for Organizational Transformation (Implementation of Organizational Change). The implementation of the "1+6+N" organizational reform is a complex and systematic project, which needs to be carried out in stages and steps. It is expected to take 2-3 years to complete the comprehensive transformation.2. Core Breakthroughs in Technology Commercialization (Focus Areas for Technology Commercialization)

Table 3.4 - Commercialization application scenarios and expected benefits of Alibaba AI technology

Application scenarios	Target customer	Core product/solution	Expected market value (3 years)
Smart Retail	Brands, retailers	"Business Advisor" upgraded, AI virtual shopping guide	Occupying 40% of the medium and large retail customer market
Smart Finance	Banks, brokerages, insurance	Intelligent risk control platform, intelligent investment engine	Become the preferred financial cloud provider in Asia Pacific
Smart City	Local government	City brain (transportation, government cloud)	20 of the top 50 cities in China

Source: the author's analysis, prediction and construction based on industry technology trends and Alibaba AI product line

The commercialization of Ali Cloud and AI technology should not be all-in, but focus on the areas of strength to create industry benchmark solutions.

• Industry deep digging: give up the "universal" general solution, concentrate resources to deeply cultivate the three advantageous industries of finance, retail and government affairs, and launch a deeply customized "industry brain".

• Product polishing: modularize and productize the core capabilities such as processing massive internal data, real-time risk control and intelligent recommendation, and open them in the form of API to reduce the threshold for customers to use.

• Ecological co-construction: from "direct sales" to "ecological win-win", by establishing developer alliance and partner program, the benefits are given to integrators and developers, so as to rapidly expand the ecosystem.

Table 3.5 - Localization implementation plan for Alibaba Southeast Asia market (Indonesia)

Dimension	"The old model of" centralization" in China	Deep Localization" as a new model	Pecific measures (case)
Products design	Directly transplant the China version of the APP	Redesign based on local needs	Launch an independent app that integrates Islamic holiday promotions, supports local e-wallets OVO/DANA, and has a UI design that is more in line with Southeast Asian aesthetics.
Supply chain	Depend on China for cross-border small packages	Building a local warehouse distribution network	By partnering with local giants to build joint ventures and develop local sellers, Lazada has reduced the proportion of cross-border logistics from 60% to less than 30%.
Marketing strategy	Hard advertising, Double Eleven replication	Social media driven, KOL marketing	We will fully embrace TikTok social e-commerce, cooperate with local Internet celebrities (KOL) to live broadcast, and plan local promotions such as Eid al-Fitr.
Organizing talent	Decision-making of China's expatriate managers	Local elites dominate operations	Appoint a CEO of Indonesian nationality, increase the proportion of local employees to more than 90%, and give local teams the right to make product pricing and marketing decisions.

Source: the author designed the scheme based on the global localization strategy framework and combined with the characteristics of Southeast Asian e-commerce market (Lazada operation).

3. Localization Implementation Plan for Globalization Strategy (Localization Execution Plan)

Globalization is not a simple replication of traffic, but the adaptation of culture and the rebirth of products. Taking the Southeast Asian market (taking Indonesia as an example) as an example, its localization plan should be designed as follows:

Figure 3.4 - Comparison of Old vs. New Localization Strategies in Southeast Asia Market

Source：author's design based on Lazada operational data and global localization strategy framework

4. Risk Identification and Mitigation

The implementation of the above strategies is bound to be accompanied by risks, which must be identified and prepared in advance.

Table 3.6 - Key risks and countermeasures for strategy implementation

Kind of risk	Specific risks	Potential impact	Response and mitigation strategies
Organizational risk	The coordination between business groups becomes invalid after independence	The ecosystem advantages are crumbling and everyone is fighting for themselves	Set up "collaborative KPI" and "ecological fund" to reward teams that facilitate cross-business cooperation.
Market risk	Price wars intensify, profit pressure	A sharp decline in profitability has dragged down investment in innovation	Avoid a full-blown price war, focus on the value war and service war, and improve user engagement and ARPU through the membership system.
Geopolitical risks	Overseas markets (such as Europe and the US) are tightening policy	International business growth stagnated and investment went down the drain	Adopt the "asset-light" overseas mode (such as technology licensing and cooperative operation) to avoid direct asset risks.
Technical risks	AI big model development is not as good as expected	The loss of technological leadership and the impasse in the cloud business	Adopt a dual-track system of "independent research and development + strategic investment" to invest in overseas AI startups and maintain technical sensitivity.

Source: the author proposes a response framework through risk identification and analysis combined with project management theory.

Through the above detailed implementation path design and risk control planning, Alibaba's strategic blueprint has a solid foundation for implementation, so as to transform the grand strategic vision into feasible operation and management actions, and finally achieve the core goal of improving enterprise competitiveness and management efficiency.

The success of all strategies and measures ultimately hinges on a frequently overlooked yet critical factor: the synchronized transformation and upgrading of organizational culture and talent structure. Even the most perfect strategic blueprint becomes a dead letter without cultural nourishment and talent support. For Alibaba undergoing transformation, its corporate culture must evolve from the previous singular emphasis on "wolf spirit" and "execution capability" to a more diversified and inclusive "ecosystem-oriented culture":

• From "control" to "empowerment": The role of the headquarters is no longer to order and control, but to provide resources, build platforms, make rules, and empower each business company to develop independently.

• From "competition" to "co-performance": While encouraging healthy internal competition, we should emphasize the collaborative co-performance between businesses and reward those teams that take the initiative to create value for other businesses.

• From "closed" to "open": Have the courage to admit that not all innovation can be generated internally, and embrace external cooperation, investment and mergers and acquisitions with a more open mind.

In line with this, its talent structure also needs to be significantly adjusted:

• Increase the number of "strategic investor" talents: the group headquarters needs more talents who are proficient in capital operation, portfolio management and macro strategic analysis, rather than traditional operation management talents.

• Cultivate "entrepreneurial CEOs": In each business company, it is necessary to select and cultivate leaders who have entrepreneurial spirit, dare to be independent, and have a strong sense of ownership for their own business.

• Reserve "industry experts": In order to better empower traditional industries, it is necessary to introduce a large number of cross-border talents who understand both the Internet and vertical industries (such as agriculture, industry, medical care).

Culture is the water, talent is the fish. Only by creating a nurturing environment can we attract and retain top-tier professionals who drive new strategies. This cultural and talent-driven transformation serves as the ultimate safeguard for ensuring all measures to enhance competitiveness and management efficiency take root and flourish.

Therefore, any exceptional strategy must rely on clear implementation pathways and forward-looking risk management. This chapter outlines a phased roadmap for Alibaba's organizational transformation, technology commercialization, and global strategy design, while identifying key risks and corresponding countermeasures. This ensures that the strategic recommendations presented earlier are not mere theoretical concepts but actionable, executable, and manageable action plans that closely align

strategic visions with operational realities. Ultimately, the success of all strategies and measures hinges on the synchronized transformation of organizational culture and talent structures. Alibaba must transition its corporate culture from "control" to "empowerment," from "competition" to "co-evolution," and from "closed" to "open" systems. This requires cultivating and attracting new talents such as strategic investors, entrepreneurial CEOs, and industry experts. Only by fostering an ecosystem-oriented cultural environment that matches these transformations can all measures to enhance management efficiency and competitiveness truly take root and flourish.

CONCLUSIONS

This study examines Alibaba Group as a case study, systematically analyzing how enterprises can enhance competitiveness and operational efficiency through strategic adjustments and management optimization in modern business environments, particularly within the complex competitive landscape shaped by deep integration of digitalization and globalization. The analysis reveals that Alibaba maintains significant market advantages by leveraging its diversified ecosystem, strong brand equity, leading technological capabilities, and stable financial position. However, the company also faces pressing challenges including slowing domestic growth, organizational complexity, internationalization hurdles, and intense market competition.

The main conclusions of this study are as follows:

1. Organizational change is the cornerstone of vitality: The "1+6+N" organizational structure restructuring is a key institutional innovation to deal with the disease of large enterprises and improve the agility and innovation of each business line by introducing the internal capital market mechanism. Its success depends on the matching governance, incentive and resource allocation system.

2. Fundamental evolution in quality connotation: In the platform economy, the focus of competition has shifted from pure price war to comprehensive quality competition including product quality, service quality, user experience and data governance. Building brand assets with trust as the core is the foundation for winning long-term competition.

3. Technology is the core driving force and core product: Alibaba must continue to use its technical capabilities not only to enable internal business to reduce costs and increase efficiency, but also to transform them into direct service revenue through commercialization (such as Aliyun and AI solutions) to create the second and third growth curves.

4. Ecological Competition: The Future of Business. In the coming era, competition will shift from individual products or companies to ecosystems. Alibaba's competitive edge stems from its integration and synergy capabilities - not just internal coordination, but also extending upstream to supply chains (like agricultural

digitalization) and collaborating with external partners, thereby building a more resilient and value-driven network.

Based on the above research, this paper puts forward the following specific suggestions for Alibaba:

1. Resolutely promote the implementation of organizational reform: ensure the implementation of the "1+6+N" structure, give each business company real autonomy, establish an incentive mechanism based on the performance of independent companies, and fully stimulate the vitality of the organization.

2. Implement differentiated competition strategies: In the domestic market, we should avoid falling into a pure price war, but rely on quality, service and technical experience to consolidate and upgrade the middle and high-end market; for the sinking market, we can consider incubating or investing in independent applications, using completely different discourse system and operation strategy.

3. Make every effort to promote technology commercialization: With Aliyun and artificial intelligence technology as the core strategy, increase R&D investment, not only to serve internal services, but also to become the core supplier of global enterprises in digitalization and intelligence.

4. Reshaping the international globalization strategy: Abandon the "one size fits all" globalization model, establish a real local team for different regional markets (such as Southeast Asia, Europe, Latin America, etc.), authorize them to develop products and operational strategies that meet local needs, and form differentiated competition with competitors such as Temu.

5. Investment in agricultural and other industrial digitization: Use technological advantages to deeply transform traditional industries such as agriculture, and build digital advantages from the source to the consumer chain. This not only has social value, but also can form a solid supply chain barrier.

The primary limitation of this study lies in its reliance on publicly available secondary data. This methodology prevents us from accessing internal management perspectives, confidential strategic planning, and detailed operational metrics which could provide deeper insights. Furthermore, the rapid development of the internet industry implies an ever-changing competitive landscapeshifting, where existing

analytical frameworks may undergo significant transformations within a short period. This inherent limitation introduces uncertainties into the research conclusions.

Future research could focus on three key areas: First, conducting longitudinal tracking studies to continuously monitor the actual effectiveness of the "1+6+N" organizational transformation and assess whether it has genuinely enhanced the competitiveness of its business units. Second, employing quantitative research methods such as structural equation modeling (SEM) to empirically verify the causal relationships between competitiveness drivers like technology investment and organizational agility, and their impacts on financial performance and market performance through large-scale questionnaire data. Third, implementing comparative case studies by conducting in-depth analyses of global industry leaders like Alibaba, Amazon, and JD.com, thereby developing more universal competitiveness models for digital economy enterprises.

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APPENDIXES