

## Strategies and Technologies that Contributed to the Success of Amazon and Alibaba

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### Abstract

Recently, the digital economy depends on using technologies, information, and communications that have eliminated the countries borders. This research is talking about two of the most leading companies of electronic trade globally: Amazon and Alibaba. The strategies and digital capabilities that helped building and succeed of these two companies are compared. The financial assets are followed up over the past and present through a connecting electronic environment in the United States and China. Their huge sales volume has been studied adequately and extensively besides the previous studies of the competition between these two companies. The marketing strategies, economic size, customer opinions, different challenges they faced, and essential factors that have contributed to their success have been studied widely. It can't be ignored that the COVID-19 virus catastrophe may be a factor in the exceeded revenue expectations in the two companies due to the social distancing and closed commercial stores.

**Keywords:** Amazon. Alibaba. E-commerce. COVID-19. Business Model. SMEs.

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## الملخص

في الآونة الأخيرة ، يعتمد الاقتصاد الرقمي على استخدام التقنيات والمعلومات والاتصالات التي أزالّت حدود الدول. يتحدث هذا البحث عن اثنتين من أكثر الشركات الرائدة في التجارة الإلكترونية على مستوى العالم: أمازون وعلي بابا. تتم مقارنة الاستراتيجيات والقدرات الرقمية التي ساعدت في بناء ونجاح هاتين الشركتين. تتم متابعة الأصول المالية في الماضي والحاضر من خلال بيئة إلكترونية متصلة في الولايات المتحدة والصين. تمت دراسة حجم مبيعاتها الضخم بشكل كاف وعلى نطاق واسع إلى جانب الدراسات السابقة للمنافسة بين هاتين الشركتين. تمت دراسة استراتيجيات التسويق والحجم الاقتصادي وآراء العملاء والتحديات المختلفة التي واجهوها والعوامل الأساسية التي ساهمت في نجاحهم على نطاق واسع. لا يمكن تجاهل أن كارثة فيروس COVID-19 قد تكون عاملاً في تجاوز توقعات الإيرادات في الشركتين بسبب التباعد الاجتماعي والمحلات التجارية المغلقة.

**الكلمات المفتاحية :** أمازون. علي بابا، التجارة الإلكترونية ، كوفيد -19، نموذج العمل، الشركات الصغيرة والمتوسطة.

## 1. Introduction

The depth and range of development in science, technology, and innovation have widely expanded, leading to effective marketing and electronic business administration performance improvements. On the other hand, the evolution in the mobile phone internet and applications used, rapid transactions, increased transparency, reduced fraud risks, easy communication with the small and medium companies, connection and transportation in sending and receiving around the world countries and also increased employment opportunities are generally factors of the electronic economy advantages.

The perspective of having a business model has been stressed in the literature because it helps executives in the task of building the activity system of their company and support them to create a holistic approach when innovation and change (Majed, Nuraddin, & Hama, 2018; Zott & Amit, 2013).

The social dimension and staying at home has pushed consumers to head to online shopping, the response for COVID-19. This affects the demand and uncertain supply chain issues for the e-commerce industry. COVID-19 can affect older merchants like Walmart, who are experiencing a drop in informal shopping, supply chain disruptions, an increase in the purchase of basic toiletries, groceries, and others (Elrhim & Elsayed, 2020).

For any business transaction term, E-commerce or referring to it which involves transferring information through the internet E-commerce means using the transaction and or commercial transaction, which consist of an exchange of value in return for product or services (Nakhate & Jain, 2020). The World Trade Organization indicated that it is the right time for e-commerce to save the world economy and that it is to intervene with vigor and vitality and prove e-commerce of its importance and effectiveness in the field of trade and online shopping (Wadhwa, Vashisht, & Phutela, 2020).

## 2. Research objectives

This thesis aims to study and explain the leading business success of Amazon and Alibaba, planned initiatives in the electronic markets, and the creation of a rapidly expanding electronic trade. Today, international commercial advertisements achieve successful Ecommerce in a commercial entity that captures perceptible growth in the leading business activity and long-term global ambition. The main objective is to widely study and evaluate the similarities and differences between successful electronic marketing strategies.

## 3. Literature review

### 3.1 Company Overview

**Amazon** company is the largest online retailer in the world. The founder of this great enterprise is Jeff Bezos, who started the development of Amazon in the early 1990s (Majed et al., 2018) with his brainstorming ideas and insights. He settled Amazon foundation in Seattle in 1994 and named it after the Amazon river in South America.

After some strategic plans and preparation, Bezos launched the company website in July of 1995. Bezos intended to make his vision about his foundation a reality, to prove to the world that Amazon is here to stay. To make the company gain instantaneous momentum, he aided in delivery service by helping preparing orders and driving packages to the post office by himself. In less than a month, there was an early success (Rikap, 2020).

In 1997, Amazon became widespread, and the company's awareness increased, raising the investment opportunity. The company positioned itself as an exclusive book retailer on AOL (American web portal and online service provider) and (Chinta & Sussan, 2018).

In 2000 Amazon partnered with Toys-R-Us to refocus on the toy industry. The deal was that Toys-R-Us sole vendor of toys on the Amazon website, but their partnership ended early for two reasons. First, Toys-R-Us filed a lawsuit against Amazon for selling toys from other vendors on its website (Ibid). Second, Toys-R-Us took on a deadly debt when three Wall Street firms bought the company with borrowed money ((D'Agostino, 2018). Then it launched its e-commerce site in 2006. In 2001, Amazon received a\$100 million investment from AOL, but its workforce decreased by 15% due to a restructuring movement.

In 2005 Amazon made its most effective impact on retail thus far by launching Amazon Prime. This shipping service guaranteed two-day shipping to consumers from any location so that they could use their desired item on the same day as purchase without longer made brick and mortar shopping. Also, launched Prime Music, a music streaming service for Prime members with no extra cost.

In 2006, Amazon carried out its first expansion in the food industry. Initially, the company introduced dry groceries and then presented Amazon Fresh delivery service to residents of Seattle.

In 2008 Amazon focused on entertainment and released Amazon Video On Demand, which became competitive with Netflix's services. Then the company launched The Talk Market, which helped traders create video advertisements similar to those on QVC and Fabrics.com (Lai, 2010) (Adler & Gundersen, 2007).

Furthermore, in 2014, Amazon introduced the Amazon Fire HD tablet and the Amazon Fire TV, achieving moderate success. Then the Fire Phone in 2014 also failed and discarded in only one year (Boewe & Schulten, 2017).

In 2015 Amazon proved that it could compete in the technology market with its products and launched the Amazon Echo (Ibid). The product works as a speaker and an artificial intelligence assistant named Alexa that can answer questions, make orders on Amazon.com and play music, and ease consumers' daily habits.

In 2018, Amazon became a behemoth of success. However, it was attacked by the president of the United States, Donald Trump, for not paying taxes and using the Washington Post, which Bezos purchased in 2013, as a supplier of fake news (Bort, 2018). As a result, the company's stock price decreased, and its market value was affected by \$53 billion after the president went on a tweet rampage.

**Alibaba** Group Holding's development started in 1998. Jack Ma, the founder, provided the SMEs in China with free online services and information to help them to enter the B2B e-market. It was essential to attract foreign experts to help its globalization because there was a little management experience (van Rijnsoever, van Hameren, Walraven, & van Dijk, 2009).

In the year 2002, Alibaba invented a trustworthy credit certification named Trustpass to provide transparency regarding the identity of suppliers so the consumers can purchase without fear of fraud and deceit. This created a credit authentication that has helped Alibaba generate more and more profits because many small and medium-sized enterprises (SMEs) started to use Trustpass services in the e-trade market. To become a Trustpass member, a supplier must first be verified by a third-party credit reporting agency. Buyers worldwide linked up to benefit from the lo-cost products (van Rijnsoever et al., 2009).

Around 2004, Alibaba started overseas marketing to expand the field of electronic trade. It is done by exporting a company's product into another location through a joint venture within the country or foreign direct investment into the country. This helped enterprises to create more business opportunities, lower marketing costs, and Alimama (van Rijnsoever et al., 2009).

Between 2005 and 2007 Alibaba established its own system at [www.yahoo.com.cn](http://www.yahoo.com.cn). The results were promising in growth and expansion. Also, it provided a larger communication space for electronic trade business worldwide (van Rijnsoever et al., 2009).

From 2008 until now Alibaba adjusted its marketing strategy to enter B2C e-trade market more easily after it was declined when Alibaba had set up offices in Taiwan and Switzerland (Yazdanifard & Li, 2014). Then Alibaba launched the AliExpress for exporters in China to directly reach out to their final consumers around the world. At present, the total number of registered users has grown significantly, revenue and profits raise rapidly.



Fig. 1 International E-commerce Websites of Amazon and Alibaba

## COVID-19

The devastating effects of COVID-19 on a large part of our economy and may lead to the acceleration of long-term trends that focus on power in the hands of a few large technology companies. To purchase needs, Amazon's success during the crisis meant its founder, Jeff Bezos, already the richest man on earth got significantly richer. During the two weeks between March 18th and June 17th, his wealth increased from \$113.0 billion to \$156.8 billion, and then to \$182.6 billion as Amazon stock hit all-time highs in early July, making him the wealthiest (Elrhim & Elsayed, 2020).



With much of our work, school, and entertainment being streamed at home, we are more reliant on Amazon Web Services (AWS) that host services such as Zoom and Netflix. At the end of 2019, AWS's market share in cloud services was estimated at 33%, more than the combined share of its three largest competitors, and its sales shot up 33% in Q1 2020, signaling rapid growth to come.

In a strong first quarter of 2020 due to the spread of the COVID-19 pandemic, revenue growth of 30% year on year, and EBITDA growth. "28% increase in annual basis," said Maggie Wu, financial director of Alibaba Group.

### **3.2 Business model**

Amazon is more like an online retailer than a marketplace based on its 'asset- Heavy' business model. Amazon applies millions of sellers on its platform and lists its products because it is interested in owning & selling fast-moving consumer goods. Furthermore, Alibaba's business model is the 'asset-light' model. It does not own any major assets. Its trade depends on just facilitating the transaction and letting sellers and buyers do their work and only connect them with each other.

Amazon also enters other industries where it has achieved success. For example, Amazon Web Services (AWS) has become the biggest company in the cloud services field. AWS helps Amazon become the fifth-largest provider of business software globally, following Microsoft, IBM, Oracle and SAP (Novet, 2018).

According to the information from the Alibaba website (Wang et al., 2018). Alibaba was set up by Jack Ma and his team in 1999. When Jack Ma established Alibaba, it is a B2B platform for firms to make a global wholesale trade market. This means that Alibaba was created for cross-border e-commerce when it was born. In 2003, Alibaba established its C2C platform, Taobao, which allows Chinese customers to purchase online. (Wang et al., 2018).



### 3.2.1 Strategies of amazon:

#### - User interface and search methods

Amazon UX is based on research; Amazon's UX is designed to increase visitors' likelihood of buying. Amazon's search function is "state-of-the-art," according to a recent study by the Baymard Institute research group. The autocomplete functions of searching, filtering, and routing excel at finding what visitors want. The algorithm also customizes the homepage content for user search interactions to enable better future purchases (Hinderks, Schrepp, Mayo, Escalona, & Thomaschewski, 2019)

#### - Localization and overcome Language Barrier

To enhance the ability to overcome language barriers, Amazon created a "multilingual system to make it easier for all customers from different countries to order and use the application, as well as use the Alexa Code. The company defines phonemic conversion of the named entity as" the process of converting a name from a script in one language to another. as it contains more than 15 languages, including Arabic and English (Alt & Zimmermann, 2019).

#### - Products and shopping cart

it starts on the homepage. The top right corner of the page is a small shopping cart that does not display any items when a visitor first arrives on the site. This section includes the option to change the quantity and log in to enable "One Click Order." Although this "add to cart" section is simple, it gives customers an easy way to add products to their cart, log in or add the product to their Wishlist.

Although there is no clear call to action to keep shopping, which most companies use to entice customers to buy more products, Amazon does a great job of getting customers' attention on related products while moving forward with shopping. (Close & Kukar-Kinney, 2010).

### - **Product detail pages**

The product detail page is where a customer discovers a unique product sold on Amazon. It could include one or more offers from sellers or from Amazon. This page is a shared space that shows common features for all product offerings, such as the following: Title, image, POIs, description, product shapes (such as size or color) Consumer reviews. Some categories contain additional product detail attributes. For example, in electronics, cameras have features such as optical zoom and maximum resolution that will not be required for other product categories.

You and other sellers can place an offer on the product detail page. You can create and control your own offer for a product, including price, shipping options, status, and other attributes. If the product is not on Amazon, you can submit a request for a new product listing and Amazon will create a new product detail page. Amazon chooses what information to include on a product detail page based on the contributions of the manufacturer and the seller. For more information, see Understanding the Product Details Page. It takes 9 minutes to register the customer.

### - **Share a cart**

The unique feature that Share-A-Cart for Amazon allows to share the cart's contents with anyone else. Share-A-Cart is the easiest way to share Amazon Shopping Cart contents with anyone else! No more moving items from the cart to Wishlist and vice versa. "Create Cart ID" to send the cart directly to your friend via a short id code. The ID code is then used to upload shopping carts from anywhere and anyone with whom they have shared this code. Now supports Amazon Fresh (Soares-Filho et al., 2010).

### - Logistics and delivery

Amazon's business model features a heavy reliance on physical assets. In a letter to stakeholders, Amazon's CEO, Jeff Bezos, emphasized AWS, Amazon Marketplace, and Amazon Prime as three pillars of the company's success (Wu & Gereffi, 2018). The third pillar, Prime, is a service whose membership customers have access to free limited-time guaranteed delivery and free access to online entertainment resources, including music, books, and movies. Prime membership subscribers totaled more than 100 million in 2018, and they contributed more than \$6 billion every year to Amazon's revenue (Taschdjian & Alleman, 2018).

Amazon's investment in logistics has been increasing by 30% annually since 2013 (Wu & Gereffi, 2018). The tradition of emphasizing physical assets in Amazon's business model can be traced back to 1994, when Amazon first started its business as an online book-seller. To store its products, rather than outsource the FC as other Internet retailers did in the 1990s, Amazon built a vertically integrated network of facilities that would hold its inventory and use it to assemble and ship orders shoppers submitted through Amazon's site. The establishment of storage infrastructure laid the foundation for the later expansion to other businesses. Today, while Amazon still offers millions of books, other items – such as electronics, apparel and accessories, auto parts, home furnishings, health and beauty aids, toys, and groceries contribute more than two-thirds of sales.

### 3.2.2 Strategies of Alibaba:

#### - **Localization and overcome Language Barrier**

It indicated that Alibaba uses various languages. It was already present in the interaction between the company's headquarters and the sub-directors. As it allows customers to use more than 10 languages, but it is less than Amazon and contains the Arabic language as well as the English language, which is the researcher (Feely & Harzing, 2003) identified a set of eleven possible solutions to the language barrier. Informal, everyday changes in communication patterns three solutions to language barriers were categorized into this category: build in redundancy in communication exchange, modulation of communication method and switching of code. Build in redundancy in the exchange of contacts Building in repetition is a relatively simple way to overcome the language barrier. Maybe It means asking your communication partner to repeat the information several times, verifying that understanding by asking your communication partner to repeat the information and using a voice recorder that allows translation of all languages and fulfills the request.

#### - **Purchase and shopping cart**

While there are companies on Alibaba that allow buyers to purchase by adding the product to their cart, this E-commerce giant is primarily designed for wholesalers. Unlike retailers, wholesalers buy in bulk and generally do not sell to end users. The shopping cart is located in the bar at the bottom of the homepage, when adding an orange "add to cart market".

#### - **Promotion strategy**

Freebies helped Alibaba expand on a large scale. They provide free gifts to attract more clients and customers to use them. Alibaba as an internet marketing platform. For example, Alisoft offers free copies of Shopkeeper TM; the company also promotes its services via online promotion strategies such as direct PR marketing and discounts for certain items during special days such as festivals, informational announcements, and event sponsorships to attract awareness of Alibaba (Essays, 2013).

#### - **Creditworthiness:**

Alibaba started developing a payment tool called Alipay in China that contributed in part to Alibaba's success. Before the advent of Alipay, many sellers felt insecure about shipping goods to buyers because of the many (Liang, Lin, Jia, Jiang, & Qiu, 2015).

When Alipay was introduced in Alibaba, this credit system greatly reduced the risk of electronic transactions and alleviated the anxieties of buyers and sellers. Non-delivery or delivery of counterfeit and damaged products. Alibaba introduced Alipay and put a great emphasis on the voice rating system, as sellers and buyers can provide comments and comments on business transactions that will appear on each other's website, thus providing better and better. References to their next business partner clearer. Feedback is very important in the business world as it helps reduce unfair commercial behavior and makes transactions more transparent and reliable. Alibaba Online Payment is secured with Escrow for International SMEs, which protects the privacy of buyers and buyers who can pay safely without revealing their details (Essays, 2013).

#### - **Logistics and delivery**

Alibaba owns a logistics company called Cainiao Network (formerly known as China Smart Logistics), a company formed by Alibaba in partnership with four other major Chinese package-delivery companies in 2013. Cainiao Network can support the delivery of 47 million packages per day, and it covers 224 countries and regions globally and 2,800 districts and counties in China (X. Xu et al., 2017). However, rather than deliver packages itself like Amazon's delivery network, Cainiao Network operates a logistics data platform that uses data insights and technology to improve the capacity and capabilities of its package delivery partners, whose philosophy is analogous to that of Alibaba's E-commerce business.6 Another difference between Amazon Prime and Cainiao Network is that the latter does not have a membership program with exclusive benefits, so it is not as effective in cultivating loyal customers. However, it requires much less financial investment to provide fast delivery (X. Xu et al., 2017).

#### 4. Case study

##### *International Expansion and Competition in Southeast Asia and India*

The pursuit of international expansion is always to mitigate institutions and Market constraints at home and take advantage of other countries' opportunities. As the largest and best B2C e-commerce retailer, Amazon has already expanded its e-commerce business to 14 international overseas markets has two characteristics. First, its performance in every foreign market Kate is different. In the developed markets of Western Europe, it became Amazon, One of the dominant online retailers with the highest market share or the highest number of visitors. In emerging markets in Asia and Latin America, progress is slowing down a lot, especially in China, one of the largest e-commerce markets. The market share was less than one percent in 2016. Second, compared to its 44% share of the e-commerce market in the United States, its performance in overseas markets is less impressive. Several outsiders are bogged down in financial instability and economic returns less robust than Amazon's global expansion, such as underdeveloped infrastructure and lack of internet Accessibility, unorganized work environments, less knowledge of residents kets, and change foreign exchange rates. Also, these limited earnings are partly a result of Amazon's business model. Amazon's heavy reliance on logistics makes it difficult to convey its local success. For example, in many Southeast Asian markets, Amazon must rely on its vaunted expertise in managing and delivering LG to overcome the lack of reliable infrastructure for last-mile delivery (Raven, Francis, Srivastava, Kezo, & Tiwari, 2019).

##### **Trade invasion in East Asia and India**

Amazon made its first foray in Southeast Asia, launching Prime Now in Singapore. The move is seen as the beginning of a massive expansion in the region, which has around 600 million. It is also the first time that Amazon has competed head-to-head with its Chinese rival Alibaba in Asia. Singapore's service promises two-hour delivery for thousands of items, including groceries and electronics. Its most significant competitor will be Redmart, owned by Lazada, which Alibaba also controls (Ayodeji, Kumar, & Kumar, 2020).

### **case study: Amazon appeared in India**

It launched in India in June 2013. seven years ago, Amazon did not have an infrastructure in India, and now it dominates the Indian market. Initially, investors expected that in India it would not last as long as China, as in the year 2004, when Amazon entered China, it did not see much success there with Alibaba, its Chinese competitor, which is considered a strong competitor to Amazon in China, to dominate the e-commerce market. After his poor performance in China, Bezos set out to open up Amazon in India. The truth behind the formation of the Amazon in India was its sheer number.

The number of employees, 1.25 billion, is four times greater than in the US and more than twice as high in Europe. Of those 500 million, about 35 percent are internet users. According to research, the annual growth rate of internet users is the highest in India, with about six million users joining each month. Researchers expect the online shopping market in India to reach \$ 15 billion by 2016, up from just \$ 35 million in 2014 (Wadhwa et al., 2020).

This makes India a very important market for internet giants. According to the UN, India will overtake China as the world's most populous country in just seven years. It is now the world's fastest-growing major economy, and the IMF projects 7.5% growth next year. Online retail spending data of Indians are shown in Figure (9) (Wadhwa et al., 2020).





Fig. 2 Online spending data of Indians (Dr. Bharti Wadhwa, 2017)

Products seemed to be found to be sold in India, with foreign direct investment restrictions in retail. Amazon launched Junglee.com even though the site does not allow any transaction on the site, and it helped Amazon gain insight into India's e-commerce industry as well as build brand loyalty.

Apart from all the services offered by Amazon, these markets provide inventory reports, order reports, and trends. Sellers need to focus on their products and find easy ways to ship their products to warehouses from the market (Wadhwa, Vashisht, & Kaur).

**In a study conducted on January 4-7, 2019, Ahmedabad, India,** on what customers think about e-marketing and how to learn about the Amazon application, we look at how they were introduced to the users' online shopping they decided to use it. (So how did he start buying it?) He just saw ads on Amazon. It is selling at a lower price. Even on Google, wherever they see ads, a good promotion Amazon has been selling at the lowest price. One of the interviews that was based on demonstrates the strong impact of ads. Online customer purchasing decisions. Companies have invested heavily in print, television, and radio as well as outside home advertising (Chandra & Chen, 2019).

## **Amazon India business models**

Generally speaking, the e-commerce business model consists of eight major components, i.e., value proposition, market opportunity, revenue model, competitive environment, competitive advantage, market strategy, organizational development, and Management Team (Ghosh, 2018). The value proposition defines how a product and service is grouped and expanded to meet customer needs (Wadhwa et al., 2020). Amazon India is doing a lot for this to attract a customer, and it has enlisted mom- and pop-store owners as partners for its delivery platform. In small villages and remote areas where few people have internet access, residents can go to their local store and use their internet connection to browse and select goods from the online store. Store owners record their orders and alert customers when their products are delivered to the store, collect cash payments, and transfer funds - minus handling fees to Amazon.

The company has acquired several startups in IT and e-commerce such as pets.com, audible.com, Junglee.com, IMBD.com and Zappos.com, Woot. To deliver high value to its customers using existing technology acquired partners at low cost. The company's customer relationship management system records data on the customer's purchasing behavior. Enables them to present individual items, related items, or group them as an offer, based on preferences explained by purchases or items visited.

### **In a study conducted to find out the strategies of Amazon in India for sellers**

Amazon directed the "Amazon Chai Kart" program; these are the mobile tea carts that were moving around the city, providing refreshments to small business owners and teaching them the benefits of e-commerce. The Chai Cart team has reportedly traveled more than 9,400 miles across 31 cities and has partnered with more than 10,000 sellers. Another step Amazon created was Amazon Tatkal, which is a "studio on wheels" that provides a range of service launches, such as recording, photography, cataloging, and sales training so far covered in 15 cities.

Tatkal enables Small and Medium Businesses (SMBs) to go online and sell on Amazon. in as little as 60 Session minutes. Starting in New Delhi, Amazon Tatkal will traverse the country, partnering with thousands of entrepreneurs, artisans, manufacturers, and sellers and helping them sell online at once. Amazon has five crores of products from 75,000 sellers. The number of sellers grew by 250 percent Annually in 2015, and according to Amazon officials, this launch will help thousands of small and medium businesses in India. The company also introduced "Easy Ship and Seller Flex" with Easy Shipping for Amazon shipments Goods from the seller's business and delivered to consumers.

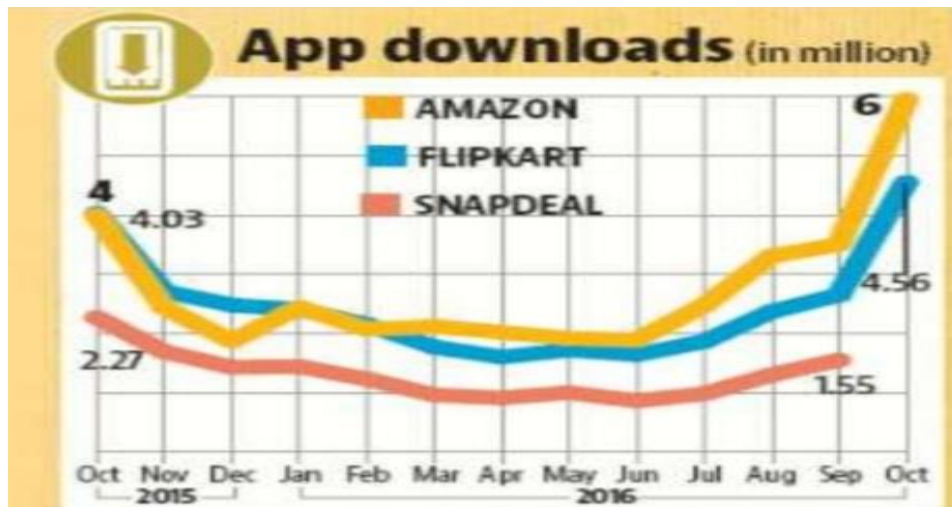
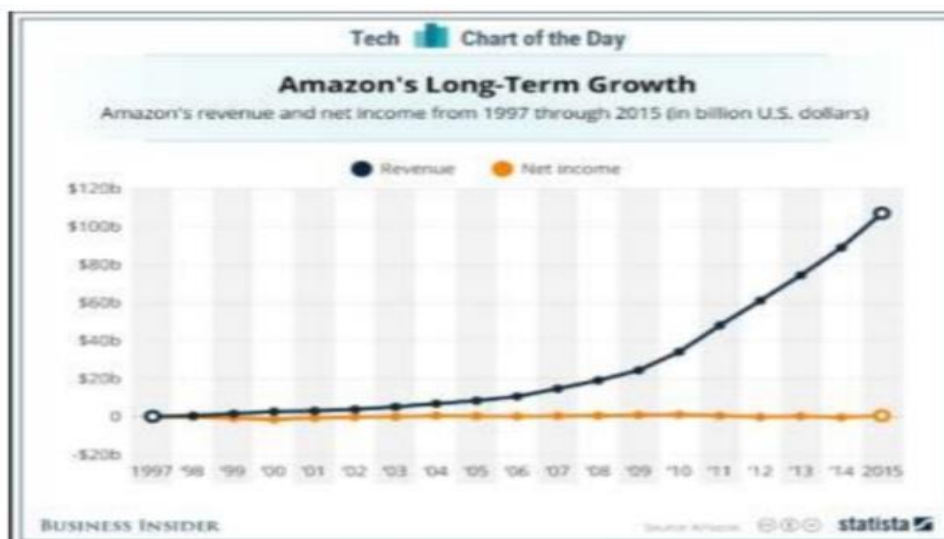


Fig. 3 Showing the growth of Amazon India (Dr. Bharti Wadhwa,2017)

Fig. 4 Showing the Revenues of Amazon India 2015 (Dr. Bharti Wadhwa)





**Fig. 5** 2015 Indian E-commerce market share% (Univ.Prof. Dr.techn.)

**In another study conducted** in 2020 and a review of late years, Amazon owner Jeff Bezos pledged to invest \$ 5 billion in Amazon India as quoted by The Economic Times (2016) Amazon Seller Services gets new financing of Rs 2,900 crore from the parent company to expand India business (15th November 2017). Amazon has invested new financing of 2,900 crores in Amazon Seller Services or Amazon India as part of India's \$ 5 billion business expansion plan, according to a report published in Financial Express (2017). The company claimed that the funds were collected from the Mauritius-based group entity known as Amazon.com.incs and Amazon Corporate Holdings, located in Singapore, according to a Financial Express report. Thus, making its injection even bigger into the India market in a year when Flipkart stormed the competition with nearly \$ 4 billion in financing. So far, \$ 1 billion has been pumped into its arm in India in the 2017-2018 fiscal period mentioned that in the past, Amazon India has received funds from the US-based parent company twice. In June, the subsidiary of the company acquired Rs 1,680 crore. In September, in another round, it received Rs 1,620 crore in funding. As of now, total investments in India's arm have risen to nearly \$ 1 billion."

This indicates that Geoff Arvind said Bezos's \$ 5 billion commitment to its Indian business was not symbolic. Senegal, Head of Retail Consulting Technopak. Announced that Amazon.in is clear By using its investments in three main areas as outlined below: establishing fulfillment centers, enhancing the infrastructure for distributions, and increasing spending on customer acquisition through Prime, the factors mentioned above are reflected in how Amazon has broadly expanded its number of fulfillment centers, or delivery centers, to 41 across 13 cities in India.

According to regulatory filings, Amazon has increased its authorized capital for Amazon Pay India Pvt. Ltd. to \$ 305 million from Rs 400 crore. According to an Amazon spokesperson. As it was published in the Livemint (2017a) article, "The company needs funds to expand business operations. Therefore, it is imperative that the authorized share capital increase to accommodate future funds requirements," Amazon.in stated in the filings. This considers future financing the company's requirements. It would be prudent to increase the authorized share capital of sufficient capital in line with the company's capital requirements. Over the past six months, Amazon.in has invested capital in its payments arm at least twice as it is looking to capture a greater market share from India's fast-growing digital payments ecosystem. Mint also reported that in May 2017, Amazon pumped Rs 67 crore into arm payments, also in July, it pumped Rs 130 crore into the business. According to executives at Amazon India, investments in the digital payments arm of Amazon.in are expected to grow over the next year.

### **One of Amazon's strategies in India is acquisitions**

Amazon, the parent company, has purchased many companies in different countries using its acquisition strategy as well as in India to achieve growth in revenue and success as the acquisition or entering into a partnership with offline stores in other places to transfer its brand to people who have not yet joined the commercial market. Table 4 shows that Amazon.in acquisitions in India include Westland Books and a 5% stake in Shoppers Stop. However, in 2016, the payments company.

Advantage Payments Pvt. Ltd. (Emvantage was an Indian company that provides services similar to PayPal, it has a platform that enables online merchants to accept credit and debit cards) from Amazon.com. Recently, Amazon.in has had smart conversation BigBasket.com This is India's largest online food and grocery store, with over 18,000 products being featured for potential acquisition, yet nothing concrete has been reported. A number of emerging IT and e-commerce companies (for example, pets.com, IMBD.com, Zappos.com, audible.com, Junglee.com, Woot,etc.) have been acquired over the years (Kumar et al., 2020).

| <i>Date</i>       | <i>Name of organisation</i> | <i>Transaction type</i> | <i>Amount</i>   |
|-------------------|-----------------------------|-------------------------|-----------------|
| 22 September 2016 | Dabur India Ltd.            | Partnership             | Undisclosed     |
| 28 October 2016   | Westland Books              | Acquisition             | Undisclosed     |
| 23 September 2017 | Shoppers Stop Ltd.          | 5% stake                | Rs.179.25 crore |

**Table 1** Amazon.in ties-ups and acquisitions

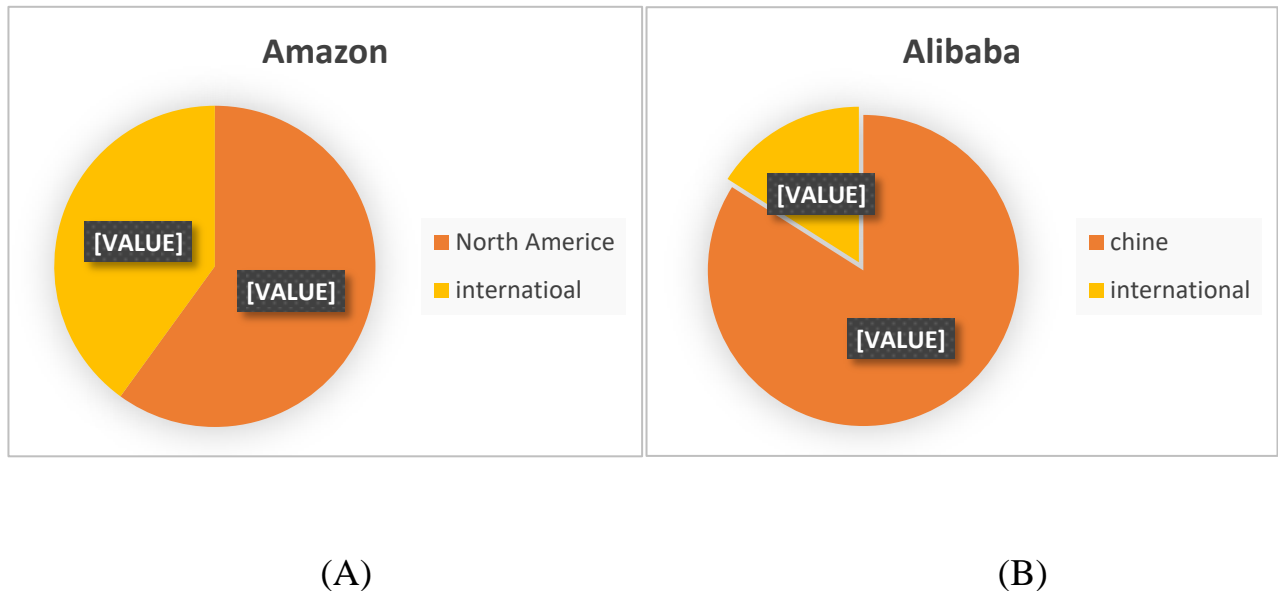
The acquisition of an existing company is an effective strategy that provides high value to customers who use the existing technology of the acquired partners at low cost without the need to develop from scratch. Also having a relationship with customers for an existing management company (CRM) that records data about customers' purchasing behavior and enables them to begin to present individual or related items immediately, or group them as an offer, based on the customer's preference from previous records (James, 2020).



## 5. Analysis

### 5.1 General theory of results analysis

In the general theory of Alibaba, which was founded in 1999 for e-commerce, which is considered one of the largest in the state of China, which also includes the Taobao and Tmall groups, which combine B2B and B2C business management features, focusing on brands and online retail. In general, and from my point of view, Alibaba has been able to achieve success and revenue within China. The largest part of the Alibaba Group's revenue is generated through Chinese e-commerce, as the company's data indicates 332.8 billion yuan of sector revenue in 2020. Alibaba also has stakes in online video company Youku Tudou and the entertainment company Alibaba. On the other hand, Amazon, which was able to expand around the world, was founded in 1994 by Jeff Bezos, and who achieved success in online retailers around the world, especially in America.



**Fig. 6** (A) That showing the general share of the acquisition of Amazon in America as well as worldwide in general. (B) That showing the public share of the acquisition of Alibaba in China as well as around the world in general.



## 5.2 Competition and growth investigation

From my opinion, the competition between Amazon and Alibaba, the two big giants in the e-commerce industry, is against each other to become one of them the leader of the global e-commerce market. It seemed that both companies had established a strong presence for the brand in their original lands, and there is intense competition between these two technology giants because they are looking for new markets to expand in outside China and America heading to parts of the world.

While the two e-commerce giants share many features and strategies that help build company structures, a large portion of Amazon's revenue comes from electronic products, merchandise, and digital media content (including Amazon Prime).

While Alibaba appears profitable, the company faces strong barriers in finding new customers and adapting to new economies. Amazon has already realized the fact that in order to compete with Alibaba in China, it needs to invest a huge amount of money to increase sales and has moved away from China to focus on other prominent regions that have turned to East Asia and to Europe in all the countries that have opened their branches and found success and attract customers high revenue and growth.

Ostensibly, the two companies are a relationship in competition, and they have commonalities. The two companies aim to have high shares in the electronic market to achieve increased revenues. Hence, each of them resorts to using different strategies that help build and attract customers and medium and small companies. Plus, their market shares may be of different proportions (Amazon owns 39% of all e-commerce sales in the U.S. While Alibaba owns 58.2% of all retail e-commerce stocks in China. Amazon currently controls North America and Europe, while Alibaba controls China and has built a network of strategic partnerships and investments in Southeast Asia.

Alibaba and Amazon have approached these new opportunities with different strategies Amazon acquiring while Alibaba is investing. Outside the United States and China, Alibaba acquired a minority stake in twice the number of companies such as Amazon, while Amazon acquired 5 times the Alibaba companies, which means that Amazon is successful on Alibaba in the use of growth strategies that aim the countries of the world in general and America in particular, which takes E-commerce and logistics experience to the global.

### 5.3 Summary of Comparisons and Theory of Amazon and Alibaba

| Comparisons            | Amazon   | Alibaba   |
|------------------------|--|---|
| <b>Year Founded</b>    | Amazon was founded by Jeff Bezos on July 5, 1994 in Bellevue, Washington   | Alibaba China was founded on April 4, 1999 by Jack in China   |
| <b>Business model</b>  | One of the business models is the implementation model that follows three types: internal, outsourced, and direct delivery. The e-commerce giant Amazon provides many customers in its chain, and it is delivered almost all over the world. | It operates as a group of Internet-based companies that enable its users to buy and sell anywhere in the world. It has developed consumer companies in e-commerce, online payments and between commercial markets, and has now expanded to include new areas such as phone applications, mobile operating systems, and Internet TV. |
| <b>Target audience</b> | Amazon sells directly to consumers for both new and used items.  | A middleman between buyers and sellers.   |

|                                      |  |  |
|--------------------------------------|--|--|
| <b>Fees</b>                          | Amazon charges sellers differently for their ability to list products, whether that's periodically monthly, Amazon seller fees, Prime memberships, or many other ways.   | They get paid from sellers who pay to rank higher in Taobao Search.  |
| <b>Revenue streams</b>               | Its sources of revenue are from big-name brands, individual sellers, subscription services, and ads.   | From primary commerce, digital media, entertainment, and innovation financing.   |
| <b>Payment method</b>                | Visa (including the Amazon Rewards Visa Signature Card)<br>Amazon Store Card<br>Amazon Secured Card<br>MasterCard/Eurocard<br>Discover Network<br>American Express<br>Diner's Club (U.S. billing addresses only)<br>China Union Pay (credit card only)<br>Visa, MasterCard, or American Express prepaid credit or gift cards | Several payment methods are supported include Credit Card, Online Transfer<br>Alipay (Fairly Safe)<br>PayPal (Most Safe)<br>Credit Cards (Fairly Safe) |
| <b>Market share around the world</b> | Amazon owns 39% of all e-commerce sales in the United States.  | Alibaba owns 58.2% of all retail e-commerce shares in China.   |

**Table 2** Summary of Comparisons of Amazon and Alibaba.

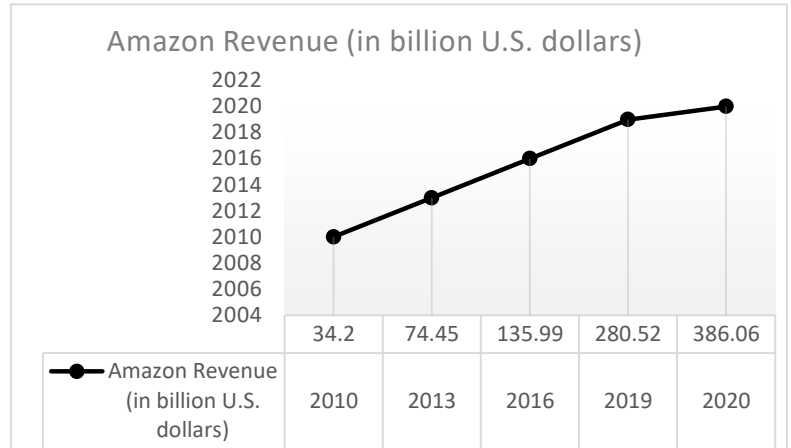
#### **5.4 International expansion has a role in success**

It is their opinion that the two companies, and especially Alibaba, are looking for ways to diversify revenue across different geographies. They also know how successful a retailer will be if they build a leading e-commerce presence and bring a country into their online retail business. This increases the market share growth in other countries outside China, as Amazon did and achieved its tremendous success outside America, heading to Europe and also to East Asia, starting from Singapore until it reached India. And \$ 483 billion for Alibaba. Growth potential, and this is the main goal and foundation for any company looking for success and increased revenue to follow Amazon and Alibaba in their long-term strategy.

## 5.5 Realized Revenue in statistic

| Year | Revenue (in billion U.S. dollars) |
|------|-----------------------------------|
| 2010 | 34.2                              |
| 2013 | 74.45                             |
| 2016 | 135.99                            |
| 2019 | 280.52                            |
| 2020 | 386.06                            |

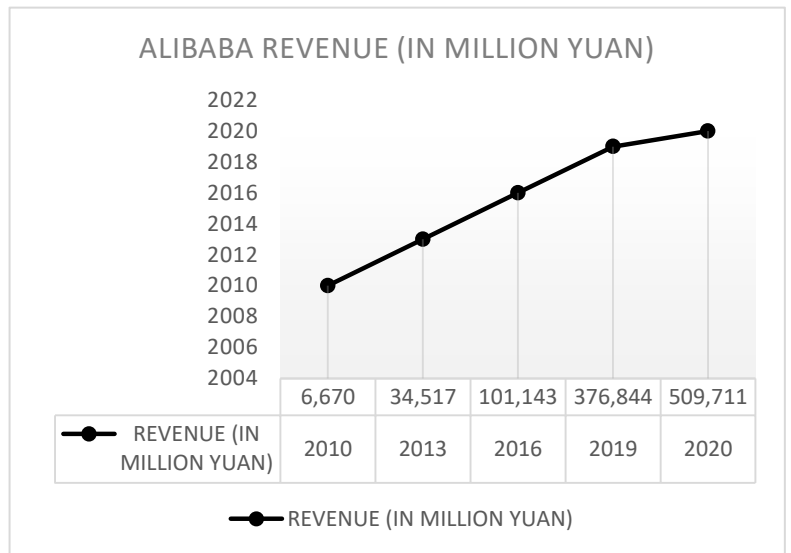
**Table 3** That showing Revenue (in billion U.S. dollars) in Amazon for different years



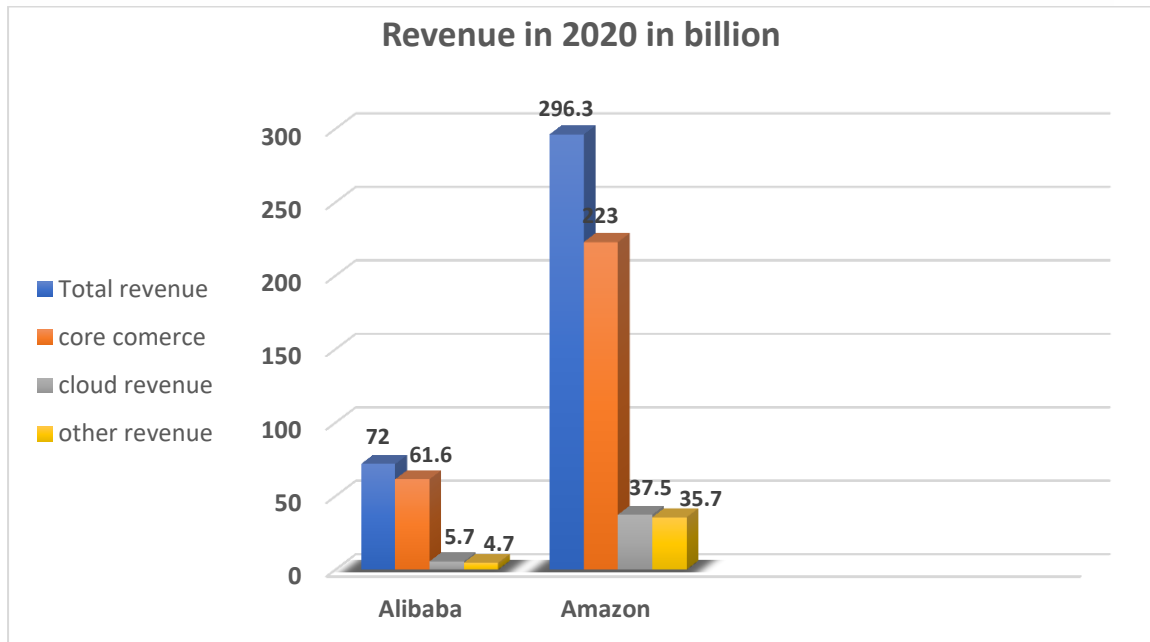
**Fig. 7** That clarify cure for revenue of Amazon that increase with different years

| Year | Revenue (in million yuan) |
|------|---------------------------|
| 2010 | 6.670                     |
| 2013 | 34.517                    |
| 2016 | 101.143                   |
| 2019 | 376.844                   |
| 2020 | 509.711                   |

**Table 4** That showing Revenue (in million yuan) in Alibaba for different years



**Fig. 8** That clarify cure for revenue of Alibaba that increase with different years



**Fig. 9** Analysis of the 2020 revenues of two companies and the clear difference between Amazon and Alibaba, as the increase in Amazon is due to the customers' demand for it and electronic applications due to COVID-19

## 6 Conclusion for the two companies Amazon and Alibaba

According to these previous studies and a higher note, the growth of e-commerce in the future at a very high expected rate is due to the diversity of the use of strategies and the strength that each of the two companies possess and its pursuit of gaining and attracting customers to it.

In general, both companies help to develop and prosper and increase their profits and market share, but the strategies that achieve that success need expansion in the countries of the world and development, so Alibaba needs to expand more and use strategies to improve the characteristics and quality of its products in order to achieve tremendous success outside China as well.

As for the Amazon company, the continuous development and diversity and the use of strategies that attract and attract customers to it and advertisements helped him a lot in success, and finally, we do not forget that the spread of Coronavirus helped the two companies because people resorted to electronic applications and online shopping, which increased revenues.

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