How the Alibaba Group Implements Its Mission in Fighting Against the Epidemic

Yuan Sun ^{*1}

¹Norwich Business School University of East Anglia Norwich, the UK

Abstract—The epidemic is one of the topics that cannot be ignored in 2020. It broke out suddenly and spread rapidly all over the world. The Alibaba Group, as a business giant, has performed well in fighting the epidemic. This paper is a case study on strategic management, focusing on the Alibaba Group to discuss and analyze the specific efforts and changes that it has made to fight the epidemic under its mission. By analyzing the financial reports of the last three quarters, which are September Quarter 2019 Results, December Quarter 2019 Results, and March Quarter 2020 and Full Fiscal Year 2020 Results, it can be found that the Alibaba Group responded very positively and made great contributions in the process of fighting the epidemic. Every crucial decision of the Alibaba Group takes the corporate mission as the core, and it is capable and willing to maintain its mission.

1 INTRODUCTION

The newly discovered Coronavirus (COVID-19) was reported by China to the World Health Organization on the last day of 2019, when the virus pandemic began. Unfortunately, COVID-19 spread rapidly all over the world, and many people's lives were threatened. In addition to the official organizations, business leaders have also contributed generously to actively undertaking social responsibilities and have used their social forces to support medical work. Among them, the performance of Chinese entrepreneur Jack Ma and the Alibaba Group founded by him is praiseworthy. The Alibaba Foundation, the Jack Ma Foundation, and the Joe and Clara Tsai Foundation have donated a large number of medical materials and equipment to more than 150 countries and regions around the world [1]. Jack Ma is listed as one of the world's greatest leaders by Fortune because of his outstanding contributions, and he is the number one Chinese entrepreneur [2].

Although it seems that the Alibaba Group, which has developed into a multinational technology company, is not easy to be defeated by the sudden outbreak of the epidemic, the global emergency still makes the Alibaba Group face some challenges and opportunities in the short term. What is worse, due to the changes in people's living and working habits, the pandemic has had a negative impact on the business operations of the Alibaba Group's merchants. However, the Alibaba Group has the mission of making it easy to do business anywhere. It did make some adjustments to help small and medium-sized enterprises overcome the difficulties. These measures have made Alibaba Group widely praised.

The purpose of this article is to arouse people's thinking

^{*}Corresponding author e-mail: 849288458@qq.com

about corporate mission and corporate strategy by discussing the changes and efforts made by the Alibaba Group, which adheres to its mission - to fight the epidemic. It is a case study, focusing on the Alibaba Group. This study discusses and analyzes the specific efforts and changes that Alibaba has made to fight the epidemic after the pandemic by analyzing the financial reports of the last three quarters, from September Quarter 2019 to March Quarter 2020. Some news will also be collected and cited. The reason why the Alibaba Group is chosen as the research object is that it is represented in the industry, and it is very proactive in responding to the epidemic. The Alibaba Group did not get knocked down quickly due to the size and maturity of the company, moreover, it even excels in other areas, especially the company's strategy. It is expected that this research can give other companies some inspiration and thinking.

2 LITERATURE REVIEW

Because strategic management is very important to the development of a company, many people are studying strategic management. Proper strategic management could make the company's employees play their strengths while reaching an invisible consensus, so as to promote the development of the company [3]. In other words, proper strategic management has the value of being studied, which is beneficial to the company's benign development. It is an undeniable fact that the efficiency and performance of the company have always been a topic of concern to people. For example, the behavior of senior executives could have an important impact on the development of the company. The efficiency of the company will be greatly improved if strategic leaders focus their time and energy on the projects that are most likely to produce results [4].

Besides, the improvement of the company's performance is also affected by other factors. Enterprises with strategic resources are more likely to achieve higher performance [5]. Moreover, some enterprises will try their best to find their unique advantages to gain advantages in the market competition. In order to achieve strategy and competition in their respective industries, companies can use the supply chain as a competitive weapon [6]. Similarly, superior product market positioning and a good business model can also enable the company to gain competitive advantage and improve performance [7].

It is an indisputable fact that the impact of strategic management on the long-term development of the company should also be concerned. Companies with more strategic flexibility are more likely to tap into their technological potential, which is suitable for the company's long-term development [8]. Besides, strategic management is very important not only for large enterprises but also for small enterprises. For small and medium-sized enterprises, the combination of corporate social responsibility and corporate strategy is conducive to promoting the company to grow into a large company [9]. Obviously, strategic management can make companies more proactive, not just passively respond to environmental changes. Therefore, enterprises should constantly adjust their management mechanisms to obtain the best uniqueness and maintain the ability to deal with uncertain conditions [10], meaning that Strategic management is not immutable. The company needs to adjust according to the specific situation to keep the company in a competitive position. Furthermore, Strategic management is a very complex topic, and there are many aspects of this topic worth studying. Diversified experience and knowledge are worth studying and accepting no matter in which way strategic management is studied [11]. It is found that previous studies rarely focused on one company and studied in detail how it responded to emergencies under its strategy. This paper attempts to take the Alibaba Group as an example to illustrate how a business giant responds to the epidemic under its corporate mission and strategy.

3 METHODS

This is a case study on strategic management. This study will focus on the Alibaba Group to discuss and analyze the specific efforts and changes that it has made to fight the epidemic under its mission. The case study method can more vividly explain what changes has the epidemic brought to the Alibaba Group and how the Alibaba Group responds to these impacts strategically.

Information about Alibaba's strategy in the three most recent quarterly financial reports will be selected for the collection. The three quarterly financial reports are September Quarter 2019 Results, December Quarter 2019 Results, and March Quarter 2020 and Full Fiscal Year 2020 Results. On 31 March 2020, the last day of the fiscal year 2020, the Alibaba Group announced not only quarterly financial reports, but also annual financial reports, but the content of annual financial reports is not included in the selection in this study.

The reason for choosing these three reports is that the

pandemic occurred at the end of last year and broke out in the first half of this year. To put it in another way, the Alibaba Group was affected in the March quarter, and it is likely to be affected by the epidemic in the December quarter. The September quarter, which has not been affected by the epidemic, is used for comparison to show how the Alibaba Group implements its strategy in general.

4 CASE DESCRIPTION AND ANALYSIS

The Alibaba Group, China's largest online business company, was founded by 18 founders in 1999. It is a company that has the mission of making it easy to do business anywhere. It started out in the e-commerce industry, which was also the earliest well-known business. After years of development, it has become a multinational technology company, focusing on e-commerce, retail, the internet, and technology.

The epidemic is an emergency. It happened so suddenly that it was difficult for the company to have too much time to prepare adequately. Many businesses of the Alibaba Group have been affected to varying degrees. In response to the epidemic, the Alibaba Group has adjusted or changed many businesses. In fact, the epidemic has brought opportunities as well as challenges to the Alibaba Group. Although some business strategies have not changed with the outbreak of the epidemic, these businesses have seized new opportunities by following the previous strategy. This study will first focus on the cash flow of the Alibaba Group. Through a preliminary analysis of the changes in cash flow, it is generally judged whether the epidemic has caused the Alibaba Group much trouble or not. Next, the response measures and strategic changes made by different businesses in the face of the epidemic are also discussed.

4.1 Cash Flow from Operating Activities and Free Cash Flow

Cash flow is very important to the enterprise, and it could reflect the company's operating conditions. Management is willing to disclose cash flow information because good cash flow news can satisfy investors' curiosity while giving investors full confidence in the company [12].

As shown in Figure1 and Figure2, compared with the same period in the fiscal year 2019, the cash flow from operating activities and free cash flow in the fiscal year 2020 performed better. Besides, the growth rates of both, from the September quarter to December quarter of the fiscal year 2020, were slightly higher than those of the fiscal year 2019. However, the growth rate from December quarter to March quarter of the fiscal year 2020 is slightly lower than that of the fiscal year 2019. In other words, the Alibaba Group will still encounter troubles in the short term. Chief among the causes of this problem is that net cash provided by operating activities was only 2164 million in March quarter of the fiscal year 2020, which was a significant decrease compared with the same period in the fiscal year 2019. What is worse, free cash flow is out of RMB4,214 million, which is caused by the restructuring of Alipay payment services. Due to changes in regulatory requirements, Alipay began restructuring and they

expected that the restructuring would be completed by 30 June, 2020 [1]. Even after deducting the effect of restructuring Alipay payment services, the free cash flow was still significantly lower than the same period in 2019.

Overall, under the influence of the epidemic, although the growth rate of the cash flow from operating activities and free cash flow slowed down, due to the original large base, the cash flow is still enough to maintain the company's operation in the short term. To put it in another way, the Alibaba Group will not face liquidity risk in the short term.

Figure1. Net Cash Provided by Operating Activities (Million).

Figure 2. Free Cash Flow (Million).

4.2 Core Commerce

4.2.1 Taobao and Tmall

Both Taobao and Tmall are e-commerce platforms of the Alibaba Group, and they are both popular in the Chinese market. However, their brand positioning is different. Individuals and small businesses are the main merchants in the Taobao market, while the merchants in the Tmall market are mainly many international and Chinese brands and retailers [13]. Simply, the entry threshold of Tmall is higher than that of Taobao, which also causes the difference of their target groups. Although there are indeed differences, both of them look forward to working with more partners to enrich their product categories and increase the number of users.

In September quarter and December quarter of the fiscal year 2020, Taobao has been insisting on innovating content, constantly enriching product types, and using technology to improve personalized recommendations to

enhance the shopping experience to attract consumers. At the same time, "Taobao Live" has been constantly developed and improved, and has obtained some active users. In the September quarter, Tmall has been committed to strengthening its relationship with brands and expanding its leading position in the Chinese market. In the December quarter, it successfully held the "double 11" Shopping Festival and set a new record in the Gross Merchandise Volume (GMV).

After the pandemic, although strategies are changed, the Alibaba Group is still pursuing its strategy of increasing users and enriching value for money products. People are restricted from traveling, and their consumption patterns have changed. They are more dependent on e-commerce to buy daily necessities. Therefore, the GMV of Tmall online physical goods was still growing compared with the same period last year.

More significantly, Taobao has become more popular because of its live broadcast function. Taobao Live helped many merchants maintain and create business during the pandemic. More and more businesses are willing to participate in this activity. Besides, Taobao encourages more merchants to register while expanding its product range and strengthening cooperation with various brands. As Taobao Live removed the barriers for new merchants to settle in and added some new features, the number of new merchants using live broadcast increased by 719% compared with January [14]. Prior to the pandemic, companies with a stronger sense of corporate social responsibility and building trust with stakeholders are more likely to obtain the support of their partners [15]. The Alibaba Group has always focused on the relationship with brands and merchants that Taobao Live could attract so many merchants and gained their trust. Taobao will help more people do business, especially those affected by the epidemic. Taobao Live has opened the platform to Chinese farmers free of charge to increase effective channels for farmers affected by the epidemic [14].

4.2.2 New Retail and Local Consumer Services

In order to promote the digital transformation of physical retail, the Alibaba Group has been actively looking for new business models. It began to try and implement various forms of retail strategy. It not only founded Freshippo, a grocery retail chain, but also connected retail grocery partners with local consumer service businesses. The Alibaba Group also encourages consumers to use Alipay as a payment method to pay for local consumer services to promote its penetration in this field. These initiatives were launched to promote the transformation and development of physical retail.

In the September quarter, first and second-tier cities have many Freshippo self-operated stores. Meanwhile, although many supermarkets have been digitally connected, the Alibaba Group will continue to cooperate with new grocery stores and promote the development of local merchants in underdeveloped areas. In the December quarter, the number of stores has increased from the previous quarter, although Freshippo stores are still mainly located in first- and second-tier cities.

In other words, after the epidemic, most of the physical businesses were closed, and people were restricted from travelling, which led to the majority of merchants unable to operate their businesses. These are the main reasons for the decline in local consumer service. However, some big supermarkets that provide daily necessities were still required to open every day, which could reduce people's panic. Therefore, people could still use mobile phones or computers to place orders daily necessities online, waiting for the ordered products to be delivered, which provides retail opportunities for growth. Both superior product market positioning and potential companies' business models can increase the company's performance [7]. Although local consumer services have been hit by the epidemic, the new retail has unexpectedly obtained rare development opportunities, showing that this new business model has potential. The Alibaba Group could accelerate the digital transformation of physical retail while continuing to promote this business model.

4.2.3 Cainiao Network

Before the epidemic, Cainiao Post had entered the community and schools and successfully solved the "last mile" problem. It has always been committed to providing customers with complete logistics solutions and providing convenience for people's daily life. It has always been favored by consumers for its "low cost, high efficiency." Besides, cross-border logistics is understood and used by more and more merchants. Moreover, the Cainiao Network performed well during the shopping festival, and the delivery efficiency was significantly improved. In addition, the Alibaba Group has also increased Cainiao Network's investment, which makes it easier for to strengthen the smart logistics network [16].

After the outbreak, people's daily lives were affected and restricted. For example, people should pay attention to maintaining a suitable social distance to protect themselves. However, they were increasingly dependent on online shopping. In this case, Cainiao Post established sites within the community and school, and used the network of intelligent pickup lockers to realize contactless pickup and delivery options. Besides, Cainiao Network was also still insisting on providing customers with higher efficiency and lower costs as before. Moreover, a large number of medical supplies have been sent all over the world by Cainiao Network, which has made a great contribution to the efficient transportation of medical materials in a particular period.

4.3 Cloud Computing

Cloud computing has been pursuing excellent development technology and business capabilities. The target customer base of cloud computing is not only the emerging industry but also the traditional industry. Shockingly, more than half of China's listed companies are customers of Alibaba Cloud as of the end of August in 2019. In December quarter, Alibaba Cloud continued to maintain a leading position in China's cloud computing market due to its superior development technology and

business solutions. Besides, Alibaba cloud also provides a secure, reliable, and scalable public cloud infrastructure for the shopping festival. Companies with unique competitive weapons are more likely to survive in market competition [6]. Many customers choose to trust Alibaba cloud because of its powerful network security technology and development technology.

However, after the outbreak of the pandemic, people were forced to work and study at home, forming the largest wave of telecommuting in the history of China. In other words, people's demand for telecommuting products and cloud products is increasing unprecedentedly. DingTalk, which has Alibaba Cloud as a guarantee, has been paid attention to and used by many people. People can use DingTalk for free to work and study. Besides, DingTalk has decided to open the platform to medical staff all over the world for free, so that they can communicate with each other and learn the experience of fighting against the pandemic. Moreover, Alibaba Cloud also cooperates with several partners on AI algorithms to help medical staff improve the speed and efficiency of COVID-19 diagnosis. Companies that combine corporate social responsibility with corporate strategy have advantages in long-term development [9]. In the face of this epidemic, the Alibaba Group continues to develop its technology while actively undertaking social responsibility. It announces that it would invest more in the cloud computing sector in the next three years to help other businesses quickly eliminate the impact of the COVID-19 pandemic with superior technology. Companies with strong technical capabilities are more likely to invest their resources in development, thereby maximizing existing capabilities and consolidating their established position [8]. Alibaba Cloud, with excellent technology, is likely to continue to maintain its leading position in the future.

4.4 Other Innovation Initiatives

The epidemic has not only changed the working and living conditions of many people, but also affected many industries. Because many people are restricted from traveling, some industries have encountered problems, such as supply chain interruption and rising production costs. Alibaba Group's mission is to make it easy to do business anywhere, so it has put forward a lot of innovative measures to help its merchant customers overcome the difficulties.

The Alibaba Group has launched a business customer support program and proposed financial support platform support and other new initiatives to help customers survive. Firstly, by working with ant finance, an unincorporated affiliate, and other partners, the Alibaba Group has made substantial advances to businesses to maintain their liquidity. Secondly, as mentioned earlier, people can use DingTalk for free to do distance work and education. In addition to the free platform, the Alibaba Group also exempts merchants from the service fees they should have paid, which reduces the cost for merchants. Thirdly, it puts forward "2020 Spring Thunder" to help small and medium-sized enterprises accelerate digital transformation and solve their financing difficulties. In short, the Alibaba

Group has been actively providing all-round help to the merchants.

Since the outbreak of the epidemic, the Alibaba Group has been actively taking on social responsibilities and has made great contributions to fighting the epidemic. As mentioned before, the Alibaba Group has donated a large number of medical supplies through the foundation and delivered them through Cainiao Network. It also provides a free online communication platform for medical staff to share knowledge and provide artificial intelligence technology to help doctors speed up the diagnosis of COVID-19. In addition, it also created a special foundation to purchase medical and related supplies. Furthermore, it provides temporary jobs for employees who are affected by the service industry to relieve their financial pressure. Corporate social responsibility activities can create potential value for the company [17]. The response of the Alibaba Group to the epidemic is very timely and effective. Its excellent performance has earned it a good reputation, which will make it easier for its future business development.

5 CONCLUSION

Through research, it can be found that the success of the Alibaba Group is not achieved overnight. Before the outbreak of the epidemic, its business model and strategy performed well. After the outbreak of the epidemic, it is good at seizing the opportunity and striving to promote its business while undertaking social responsibility. More importantly, it has always kept in mind and adhered to its corporate mission. Therefore, it can choose to take a series of effective measures quickly to help merchants fight the epidemic. In the process of fighting the epidemic, the Alibaba Group responded very positively and made great contributions. It proves with practical action that the Alibaba Group is a responsible company that believes in and adheres to the company's mission. Every critical decision of the Alibaba Group takes the corporate mission as the core, and it is capable and willing to maintain its mission, which is also one of the important reasons why it can grow into a business giant. So far, the epidemic has not ended, and no one knows when the epidemic will end. It is currently foreseeable that people's lives are changing to digital, and people are more dependent on the power of technology to work and live. This trend is exactly what the Alibaba Group has been focusing on, meaning that the Alibaba group is likely to take advantage of the existing technology and platform to seize the opportunity to continue to maintain the leading position in the industry.

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