Comparative study on strategic modes of e-commerce platform between Jingdong and Alibaba

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Abstract: Based on the literature research, this paper collects and reads the theoretical literature related to strategic models and tries to find out the common points and shortcomings of the strategic models of the two major e-commerce platforms, Jingdong and Alibaba, in the process of development, and mainly conducts a comparative study on the logistics strategies and competitive strategies of Alibaba and Jingdong. Through the research and analysis, it is hoped that the two platforms can build on their strengths and avoid their weaknesses in the development and promote the further optimization of their respective platforms, and also have high reference value for other similar e-commerce platforms.

1 Introduction

In recent years, with the rapid development of the Internet and digital economy, e-commerce has also achieved rapid development in this context, thus the emergence of China's e-commerce two giants - Jingdong and Alibaba. With the deepening of economic globalization, the economies of all countries in the world have realized deep integration, and gradually we ushered in the digital age, which brings new development opportunities to China's e-commerce industry, but also makes it face unprecedented challenges. It is a very critical issue to study the strategy of the two e-commerce enterprises, which determines the overall development trend of national e-commerce and can provide effective and reasonable suggestions for the formulation of national and enterprise strategies. Therefore, under the new situation, it is of great practical significance to actively explore the strategic mode of e-commerce platform, and it is necessary to attach great importance to it. This paper mainly points out the advantages and disadvantages of different strategies of the two e-commerce enterprises by comparing the logistics strategies and competitive strategies of Jingdong and Alibaba, and then draws conclusions and suggestions for the development of e-commerce platforms based on the results.

2 Comparative analysis of the development status of Alibaba and JD

2.1 Brief introduction of Alibaba and Jingdong

Alibaba's business scope includes e-commerce, online payments, B2B online marketplace and cloud computing

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business, and its company's mission is to make the world business without difficulties.

Jingdong Company was established in 1998. JD is China's largest self-owned e-commerce company and integrated online retailer, with "product, price and service" as its core.

2.2 The development status of Alibaba and JD

According to the financial statement data, calculate and draw the operating income and profit chart of Jingdong and Alibaba, as follows:

Fig. 1. Alibaba revenue

Fig. 2. Jingdong revenue

From Figure 1 and Figure 2, we can see that Alibaba's current development is very stable, while Jingdong's development has been on stable since 2019, from the current state of development, we can see that the development of enterprises is different, as for the reasons that lead to the different development of enterprises, the following will give a specific analysis from two aspects of logistics and competitive strategy.

3 Comparative analysis of logistics strategies of Jingdong and Alibaba

3.1 Jingdong Logistics Strategy

JD mainly implement differentiation strategy in this respect, the main logistics of speed, good service to provide value for customers, shows its own unique, in terms of logistics to provide a unique service advantage to attract customers, improve their competitive advantage and create more value for customers, and JD have their own proprietary express company, JD express, can guarantee the quality of service for the customer. But the cost is relatively high, JD use this to gain an advantage; Since 2007, JD has built a large number of storage and logistics outlets and rapidly expanded its scale in a short period of time. What is unexpected is that during the "Double 11" in 2020, JD Logistics will launch the "time-limited delivery", which, as the name implies, will greatly accelerate the speed of JD Logistics in transportation. Achieve 95 percent or more of the "next day" coverage promised in the past.

3.2 Alibaba logistics strategy

Alibaba in the field of their own logistics, mainly implements the cost leading strategy, pay attention to at a lower cost and cost to provide customers with services, this strategy has the advantage of low cost, high profit, but the disadvantage is unable to provide good customer service for the customer, when customers meet convert low cost products, will go to other platforms to buy other products, make the enterprise risk increases; In addition, in terms of measures, Alibaba's logistics and express delivery are usually done through outsourcing companies, and enterprises provide expenses for them, which can reduce costs, but not their own logistics can not guarantee the quality of service.

3.3 SWOT Analysis of Logistics Field between JD.COM and Alibaba

The SWOT analysis of Jingdong and Alibaba Logistics is carried out, and the SWOT matrix is constructed as follows:

Through the above analysis, JD's SO strategy -- the growth strategy -- is to continue to maintain its advantages of fast logistics and make the best use of opportunities to constantly expand its logistics coverage. In order to maintain its cost advantage, Alibaba's SO strategy continues to expand its scale. JD's WO strategy is a reverse

strategy with high logistics cost. Therefore, it is necessary to adjust the strategy and make strategic transformation to reduce logistics cost. Alibaba's WO strategy is to adjust its strategy in order to change its service quality in the logistics field. The ST strategy of Jingdong -- diversified business strategy, maintain logistics advantages, adjust strategies, diversified business; In order to maintain the advantage of high profit, Alibaba's ST strategy adjusts strategies, diversifies operations and reduces customer loss. JD WT strategy -- defensive strategy, is a survival strategy, should closely monitor the movement of competitors; Alibaba's WT strategy is to control enterprise risks and strictly control enterprise customer loss.

Table 1. Jingdong SWOT matrix

	Strength	Weakness
opportunity	Fast logistics, guarantee the quality of customer service	High cost, reduce logistics, cost will have a greater advantage
Threat	logistics is fast, the cost is high and there are many risks	The high cost of self-operated express delivery , lower profits and increased corporate risks

Table 2. Alibaba SWOT matrix

	Strength	Weakness
opportunity	The advantage of cost, competitive advantage	Low cost, but low customer service quality
Threat	High profits, but low switching costs, enterprises are at risk	Outsourcing is done, the service quality is low, the enterprise risk increases

4 Comparative analysis of the competitive strategies of Jingdong and Alibaba

4.1 JD.COM's Competitive Strategy

Jingdong mainly implements the strategy of product centralization and focuses on concentrating its resources and capabilities in a specific market. Jingdong mainly focuses on electrical appliances, mobile phones, home appliances and other fields and gives full play to its capabilities to make the enterprise grow bigger and stronger in this field. Jingdong recently launched the policy of upgrading and repairing in "Jingdong Small Home Appliances", which is also Jingdong's product marketing strategy to expand its competitive advantage. In order to become bigger and stronger, Jingdong usually adopts the strategy of price war to grab the market from the hands of chain retailers, that is, it sells goods at a price significantly lower than that of chain retailers. Meanwhile, in order to create profit space, Jingdong needs to

continuously improve the efficiency of supply chain, control the cost, and then reduce the comprehensive cost through the scale advantage.

4.2 Alibaba Competition Strategy

Alibaba has a good model that will be hard to replicate. It has Taobao, it has Tmall, it has a payment system, it has cloud computing, it has intelligent logistics, and it's very powerful. Alibaba calls it an "ecosystem." Alibaba mainly implements the diversification strategy, including related diversification and non-related diversification. The enterprise sets its hand in various product fields to continuously expand the market scale and enhance the competitiveness of the enterprise³.

4.3 Comparison of the core competitiveness of Jingdong and Alibaba

Core competitiveness mainly refers to scarce, valuable, imitable, irreplaceable resources and capabilities. The two companies are different in terms of their core competitiveness. Alibaba's core competitiveness mainly lies in the diversification of its products, which allows customers to have more choices and compare products and services more suitable for them. The core competitiveness of Jingdong is mainly its services, whether logistics services or after-sales services, to provide customers with better experience, so that it can maintain its competitive advantage⁵.

5 Conclusions and suggestions

5.1 Conclusions of the comparative study on the strategic models of Jingdong and Alibaba

When an enterprise chooses its own strategy, it should make full use of the process and steps of strategic management, that is, strategic analysis --strategic formulation -- strategic implementation -- strategic control. Strategic analysis is a crucial step. It is necessary to fully analyze the advantages, disadvantages, opportunities and threats of the enterprise, analyze its internal conditions and external environment, make use of its advantages, avoid its disadvantages, seize its opportunities, and better avoid threats to create competitive advantages of the enterprise. Jingdong and Alibaba have their own advantages and disadvantages in terms of logistics strategy and competition strategy. With Alibaba's diversification strategy, buyers have to bargain more. Alibaba can try its best to improve the service level, or set up its own logistics company to improve employee satisfaction and enable employees to serve customers more. In terms of Jingdong's centralization strategy, the threats of substitutes and potential competitors are numerous. Therefore, the company can increase the barriers to market entry, increase the switching costs of customers and reduce the loss of customers. At the same time, it can also expand its product range, increase the choices of customers and avoid the pressure from existing competitors just like Alibaba.

5.2 Suggestions to optimize the strategic mode of China's e-commerce platform

5.2.1 Establish a Good Logistics System

Enterprises should make full use of Internet technology to better discover customer needs and provide products and services according to their needs. In today's era of rapid technological development, it is particularly important for enterprises to grasp customer needs more quickly. Enterprises can do a good job in product research, continuous innovation, and constantly research out a new e-commerce development model. In addition, the most important thing of e-commerce is logistics. Enterprises should keep trying new logistics models, find a logistics model with low cost but better service, and establish a good logistics system.

5.2.2 Encourage users to conduct evaluation and feedback

At present, information spreads at a very fast speed, and customers' evaluation can have a great impact on the goodwill of enterprises or products. Good reviews can lead to more users using the product, and it can also improve the product in response to bad reviews. In the stage of user promotion, it is necessary to be as efficient as possible to encourage feedback from customers. Self-built platforms can be used to communicate with users. It is better to extend comments to other common social apps to create a circle breaking effect

5.2.3 Enhance the Construction of Core Competitiveness

The continuous enhancement of core competitiveness is an important factor for sustainable development of enterprises. In the process of international development of e-commerce enterprises, we should pay attention to strengthening the construction of core competitiveness. In order to achieve this goal, we should not only firmly grasp the new opportunities brought by the new era, but also need to excavate and apply our own advantages. In short, we should choose the development strategy scientifically, in order to improve their competitiveness, stand out in the fierce market environment, in an invincible position.

5.2.4 Flexibly respond to new changes and seize new market demands

In order to comply with globalization and meet the needs of consumers in a wider range; In 2020, JD will use its own supply chain and logistics system to deliver medical supplies to boost the unsalable economy and address new demand. We can learn the strategy of Jingdong and timely tap new consumer demand is crucial for enterprises to establish a foothold in the market. Enterprises should closely combine the characteristics of the current market and consumer demand and seize the development opportunities.

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