

Analyzing the Alibaba-Suning Partnership: Strategies and Outcomes

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Abstract:

This paper deeply discusses the strategic cooperation between Alibaba and Suning Yunshang, and analyzes its strategic significance and cooperation results in the context of new retail. By sharing resources and complementing each other's strengths, the two sides have built a new retail ecosystem integrating online and offline, and realized the all-round interoperability of goods, services, technologies and data. This cooperation has not only promoted the rapid growth of the two sides' business, but also promoted the deep integration of the retail industry and the Internet industry, providing a strong reference for the future development of e-commerce and retail industry in China and even the world. The strategic partnership between Alibaba and Suning Yunshang represents a significant milestone in the evolution of new retail, where online and offline channels converge to create a seamless consumer experience. By leveraging each other's strengths—Alibaba's robust e-commerce platform and Suning's extensive offline retail network—the two companies have fostered a new retail ecosystem that integrates goods, services, technologies, and data across both platforms.

keywords: Cooperation, Strategies, Complementary

1. Introduction

1.1 Strategic alliance overview

Strategic alliance refers to two or more enterprises (or cross-company or company), based on the common strategic goal, through cooperation, sharing benefits, sharing risks, to establish a long-term and close partnership. Strategic alliance plays a vital role in modern business, through which enterprises often achieve the advantages of promoting market expansion, enhancing market competitiveness and promoting industrial upgrading. For example, Cisco Systems Inc with intel and other companies, through strategic alliance cooperation, Cisco, intel and other companies not only reduce costs, but also innovate new sources of revenue. This partnership has helped Cisco get to market quickly and stabilize, reduce research and development expenses, and achieve a win-win situation.

1.2 Background of Alibaba and Suning

1.2.1 Brief history and core business areas of Alibaba.

Alibaba Group, founded in 1999, is a leading enterprise in the field of e-commerce in China and even in the world. In that era when the Internet was just emerging, Alibaba took a place with its unique B2B (business-to-business) e-commerce model. Its main business areas are 1688 wholesale platform, retail e-commerce field and digital finance and cloud services.

1.2.2 Brief history and core business areas of Suning.

Suning started in 1990 as a small store specializing in air conditioning on the streets of Nanjing. However, with its keen insight into the market and quality service, Suning quickly rose in the field of air conditioning sales. Since 2010, Suning has vigorously promoted the online-to-offline integration (O2O) strategy to provide consumers with a more convenient and comprehensive shopping experience. Its main business areas are home appliance retail and O2O fintech.

1.3 Purpose of the Partnership

Enhance market competitiveness and expand market share:Resource sharing and complementarity: The cooperation between Alibaba and Suning aims at resource sharing and complementarity to realize the interconnection of commodity inventory. Users can also choose Suning products when buying on Alibaba's platforms such as Tmall and Taobao, and vice versa. Market share: Through cooperation, both parties can jointly develop new market areas, such as cross-border e-commerce, rural e-commerce, etc., to further expand market share [1]. The combination of Alibaba's global presence and Suning's deep accumulation in the domestic retail market will help both parties achieve greater success in the international and domestic markets.

Improve logistics efficiency and supply chain management: Logistics network sharing: Alibaba intends to re-

alize the mutual sharing of logistics platform and rapid distribution through this cooperation with Suning, which can improve logistics efficiency. For example, Suning Logistics has a huge warehouse area and advanced distribution system, while Alibaba's Cainiao network has strong data processing and intelligent scheduling capabilities, which can provide users with faster and more convenient distribution services. Supply chain management: The cooperation between the two parties helps to optimize supply chain management, reduce supply chain costs and improve supply chain transparency and response speed through sharing supply chain information, collaborative procurement and inventory management.

Deepen fintech cooperation: Financial Service innovation: The cooperation between Alibaba and Suning in the financial field aims to promote the innovation and development of financial services. The two sides can jointly develop new financial products, such as supply chain finance, consumer finance, etc., to meet the financial needs of different consumers. Risk control and data sharing: In financial cooperation, both parties can share risk control data and models to improve the accuracy and efficiency of risk control. At the same time, fraud risk and credit risk are reduced through data sharing and cross-verification [2].

Promote the development of smart retail: Integration of online and offline: Through cooperation with Alibaba, Suning aims to achieve deep integration of online and offline and promote the development of smart retail. This includes the integration of goods, services, data and other aspects to provide consumers with a more convenient and efficient shopping experience [3].

Expansion of new retail formats: Suning makes use of Alibaba's technology and platform advantages to jointly explore a variety of new retail formats and models. Through technological innovation and model innovation, we constantly meet the diversified needs of consumers and enhance market competitiveness.

Enhance market competitiveness: Expand market share: Through cooperation with Alibaba, Suning can rapidly expand its market share with the help of its strong e-commerce platform and brand influence. Both parties jointly carry out marketing activities to enhance brand awareness and reputation.

Cope with market competition: In the fierce market competition, the cooperation between Suning and Alibaba helps both parties to jointly cope with challenges and opportunities. Through resource sharing, complementary advantages and other ways to enhance the overall competitiveness, maintain the market leading position.

Promote innovation and development: Suning and Alibaba cooperate in technological innovation to jointly promote the digital and intelligent development of the retail indus-

try. Improve operational efficiency and consumer experience by introducing new technologies and applications [4]. Model innovation: Both parties continue to explore new business models and profit methods, and achieve sustainable development through model innovation. For example, jointly launch new products and services, expand new market areas.

1.4 Scope and Objectives of the Essay

Analysis of strategies used in the partnership and examination of outcomes and impacts on both companies. Lessons learned and recommendations for similar alliances.

2. Case Description

2.1 Formation of the Partnership

August 10, 2015: Alibaba Group and Suning Yunshang announced a comprehensive strategic cooperation. This is the starting point of the cooperation between the two sides, marking the strong union of the two retail giants.

2.2 Key milestones

Alibaba Group made a strategic investment of about 28.3 billion yuan in Suning Yunshang, becoming its second largest shareholder. Suning Yunshang subscribed for Alibaba's newly issued shares with 14 billion yuan, achieving cross-shareholding between the two sides.

Shortly after the announcement of cooperation, that is, on August 17, 2015, Suning Tesco Tmall flagship store was officially launched and officially entered the Tmall platform.

The two sides will open up business in various aspects such as logistics, after-sales, finance and big data to realize resource sharing and complementary advantages.

On June 1, 2016, the two sides jointly announced the launch of the "Trillion smart Manufacturing Plan" and the "Small and medium-sized Retailers Empowerment Plan", aiming to promote the growth of total social retail sales through supply chain restructuring and brand empowerment. This plan reflects a shared vision for the future of the retail market.

On September 16, 2015, the logistics systems of Suning Logistics and Cainiao Network were all opened up, realizing the sharing and optimization of logistics resources. This not only improves logistics efficiency, but also reduces operating costs for both parties.

2.3 Strategic Moves

Strategic Investments: The mutual investments created a strong financial bond between the two companies, facilitating deeper cooperation and resource sharing. E-commerce Integration: Suning leveraged Alibaba's vast online platform by setting up a flagship store on Tmall, focusing

on electronics, appliances, and baby products. This integration was supported by Cainiao Logistics, improving delivery coverage to 90% of China. Joint Marketing Campaigns: Both companies engaged in joint marketing efforts, which enhanced brand recognition and drove significant sales growth. Customer-Centric Approach: The partnership focused on enhancing customer satisfaction through better product supply, improved customer service, and adaptability to changing consumer preferences [5].

2.4 Initial challenges faced.

Market competition intensifies: With the rapid development of the new retail market, the competition will become increasingly fierce. Suning and Alibaba need to continuously improve their competitiveness to meet the challenges from other competitors.

Data Security and Privacy protection: During cooperation, the two parties will share a large amount of user data and business information. How to ensure data security and privacy protection has become an important issue. The two sides need to establish a sound data security management system and privacy protection mechanism to prevent data leakage and abuse.

Supply chain collaboration challenges: Supply chain collaboration is one of the important contents of the cooperation between the two sides. However, in actual operation, there may be problems such as poor supply chain coordination and inventory overhang [6]. The two sides need to strengthen communication and collaboration, establish an efficient supply chain coordination mechanism, and ensure the smooth operation of the supply chain.

3. Analysis on the Problem

3.1 Strategic investments and Financial Synergy

Suning's partnership with Alibaba has had a positive impact on the company's financial structure, valuation and financial stability in several ways, but it may also have some potential negative effects.

Share dilution:

Alibaba's investment in Suning as its second-largest shareholder could lead to dilution of the shares of Suning's existing shareholders. Equity dilution may reduce the control rights of the original shareholders, especially when major decisions are involved, the consensus of more shareholders may be required, increasing the difficulty and time cost of decision-making.

Cross-shareholdings complicate corporate governance. In the decision-making process, the interests of both parties need to be balanced, which may lead to the reduction of decision-making efficiency and the increase of costs [7].

In addition, the differences between the two parties on corporate governance may also affect the normal operation of the company.

Fluctuations in the capital markets can have an impact on the share prices of both parties, which in turn affects the market valuation of the company. When the stock price of one party fluctuates significantly, it may be transmitted to the other party through the relationship of cross-shareholding, which has an adverse impact on the valuation of the company.

If the effect of the cooperation between the two parties does not meet market expectations, it may cause investors to worry about the future development of the company, which will lead to a decline in the stock price and market valuation. For example, if the cooperation between the two sides in resource integration, market expansion and other aspects is not good, it may make investors question the development prospects of the company.

Investing in each other means that both parties will face the risk of losing their investment. If one party's operating performance is poor or market conditions change causing the stock price to decline, the other party may suffer investment losses. For example, if the stock price of Suning Cloud Business continues to decline and cannot be reversed after Alibaba invests in Suning Cloud Business, Alibaba will face a greater risk of investment loss.

Mutual investment may result in a large amount of funds of both parties being occupied in each other's companies, thus increasing the financial pressure of the company. Especially when large investments are needed or new businesses are expanded, capital occupancy may limit the company's ability to invest and speed of development.

3.2 Operational Synergies

After cooperating with Alibaba, Suning has made remarkable achievements in e-commerce integration, but it also faces some challenges.

The two sides have achieved deep integration online and offline through cross-shareholding and strategic cooperation. Suning's offline stores and warehousing and logistics advantages are combined with Alibaba's online traffic and big data capabilities to jointly promote the development of new retail models.

Suning Tesco entered the Tmall platform, opened a super flagship store, and made use of Alibaba's e-commerce platform resources, which brought a large amount of online traffic to Suning and improved sales and user experience.

The two sides will jointly build an intelligent supply chain system, use big data and Internet of Things technology to optimize inventory management and improve distribution efficiency. Suning Logistics has become a logistics service

provider of Cainiao network, realizing the sharing and complementation of logistics resources.

By integrating the supply chain and logistics resources of the two sides, costs are reduced, efficiency is improved, and consumers are provided with a more convenient and efficient shopping experience.

After the cooperation, the two sides jointly expanded new business areas, such as cross-border e-commerce, rural e-commerce and so on. Through resource sharing and complementary advantages, rapid business growth and market share improvement have been achieved [8]. With the support of Alibaba, Suning has further enhanced its brand influence and attracted more consumers and partners.

Suning and Alibaba differ in business scale, operation model, corporate culture and other aspects, and may encounter various challenges and difficulties in the process of business integration. It is necessary for both sides to strengthen communication and collaboration, establish an effective integration mechanism and management system, and ensure the smooth progress of integration.

In the process of cooperation, the two sides will share a large amount of user data and business information, and data security and privacy protection have become important issues. Both sides need to strengthen data management and security protection work, establish a sound data security management system and privacy protection mechanism to ensure the security and privacy of user data.

3.3 Logistics collaboration:

The logistics synergy between Suning and Alibaba has brought significant benefits in terms of improving logistics efficiency, enhancing user experience, promoting business expansion and reducing costs. These benefits not only help the two sides achieve win-win cooperation, but also promote the progress and development of the entire e-commerce industry.

3.4 Marketing and Brand Synergy

The effectiveness of co-marketing:

Alibaba and Suning have achieved remarkable results in marketing and brand synergy. Through channel integration and expansion, joint marketing activities, innovative marketing models and other ways to achieve the effectiveness of marketing collaboration; The effectiveness of brand synergy is realized by means of brand complementarity and promotion, brand image reconstruction and brand loyalty enhancement. These results not only enhance the brand influence and market competitiveness of both sides, but also bring consumers a more high-quality and convenient shopping experience.

3.5 Brand awareness and market share im-

pact

Suning's entry into Alibaba's Tmall platform has significantly increased the exposure of Suning's brand with the help of Alibaba's massive traffic and user base. At the same time, Alibaba has also enhanced its brand influence in household appliances, 3C and other fields through cooperation. The marketing activities jointly carried out by the two sides, such as the "Double 11" and "618" promotion, as well as cross-platform cooperation and promotion, have further expanded the brand awareness and exposure. After the cooperation with Alibaba, Suning achieved significant expansion of market share by sharing user resources and optimizing supply chain and logistics system. Especially in the traditional advantages of Suning such as home appliances and 3C, the improvement of market share is particularly obvious. At the same time, Alibaba also uses Suning's offline stores and supply chain advantages to strengthen its market competitiveness in these areas and further consolidate its leading position in the e-commerce industry.

3.6 Customer-Centric Strategies

After the cooperation between the two sides, the logistics system has been optimized and upgraded. Suning's warehousing and logistics resources are shared with Alibaba's Cainiao network, and order processing and delivery route planning are carried out through big data and intelligent algorithms, greatly improving delivery efficiency. Suning and Alibaba have also conducted in-depth cooperation in after-sales service. After purchasing goods, customers can enjoy a more comprehensive and professional after-sales service guarantee. Whether it is return or exchange, maintenance or consulting services, it can be timely response and effective processing, enhancing customers' shopping security.

3.7 Challenges and Drawbacks

The business of the two sides is large and complex, and the integration of business needs time and resources. In the process of integration, there may be various difficulties and challenges, such as cultural conflicts and poor processes.

Alibaba's investment in Suning is huge, amounting to about 28.3 billion renminbi. The funds are mainly used for logistics platform construction, offline store development, Internet finance projects and other aspects. However, these projects may have a long return on investment cycle and may not be able to quickly generate significant financial returns in the short term, resulting in certain financial pressure on both parties. In addition, Alibaba and Suning are complementary to each other in business. However, this complementarity can also lead to excessive depen-

dence on each other in certain areas [9]. Once one party has problems or cooperation breaks down, the other party may face greater business risks.

4. Suggestions

Establish a regular communication mechanism: the two sides should establish a regular high-level meeting system to communicate on the progress of cooperation, problems encountered and solutions in a timely manner, so as to ensure the consistency of strategic objectives of the two sides.

Set up a special working group: for specific projects or business links in the cooperation, set up a special working group composed of personnel from both sides, responsible for specific implementation and daily coordination, to ensure the smooth progress of cooperation projects.

Strengthen personnel exchanges and cooperation: Encourage exchanges and cooperation between employees of both sides, learn and share experience together, and improve the overall quality and combat effectiveness of the team.

Training compound talents: Focus on training compound talents with online and offline integration ability, big data analysis ability, etc., to provide a strong talent guarantee for the smooth promotion of cooperation projects.

Share financial resources: Through cooperation, the two sides can share their financial resources, such as capital pools, financing channels, etc., to improve the efficiency of capital utilization. For example, Suning can leverage Alibaba's financial platform to obtain lower-cost financing, while Alibaba can leverage Suning's supply chain finance advantages to provide financial services to their mutual suppliers and customers.

The two parties shall jointly establish a sound risk management system, including the identification, evaluation, monitoring and response mechanism for various risks such as market risk, credit risk and operational risk. Through regular risk assessment and monitoring, potential risks are discovered in time and effective measures are taken to prevent and control them.

Data integration and analysis: Make use of the massive data resources of Suning and Alibaba to carry out in-depth integration and mining. Through the analysis of user behavior, purchase preferences and other data, the user portrait is constructed to provide data support for precision marketing. With the help of big data analysis tools, such as Alibaba Cloud's data intelligence platform, accurate prediction of market trends can be achieved to provide a scientific basis for the development of marketing strategies.

Cross-boundary cooperation with other industries or

brands to jointly launch co-branded products and hold joint marketing activities. Through cross-border cooperation, broaden marketing channels and attract a wider user base.

For example, cooperate with well-known IP, stars, Internet celebrities, etc., and use their influence to enhance brand image and visibility [10]. Virtual reality (VR) and augmented reality (AR) experiences: The introduction of VR/AR technology on platforms such as Suning and Tmall allows customers to experience the actual effects of products online, increasing the fun and interactive nature of shopping.

Social marketing: Use social media platforms (such as wechat, Weibo, Tiktok, etc.) for social marketing, encouraging customers to share shopping experiences, post orders, etc. Increase customer engagement and sense of belonging through social interaction.

4.1 Addressing Challenges

Cultural Training: Provide cultural training for employees of both sides and introduce the cultural background, values and working methods of the other company. This helps employees better understand and adapt to different cultural environments. Training content can include corporate history, management philosophy, team cooperation methods, etc., so that employees can better integrate into each other's corporate culture in the process of cooperation

Strengthen independent research and development and innovation capabilities: Increase investment in technology research and development and product innovation and enhance independent research and development capabilities and core competitiveness. Promote product upgrading and service optimization through technological innovation to improve market competitiveness.

5. Conclusion

Alibaba Group and Suning Commerce Group announced a comprehensive strategic cooperation the two sides have established close capital ties through equity cooperation and cross-shareholding on August 10, 2015, which also lays the foundation for subsequent in-depth cooperation. Subsequently, the two sides carried out a series of business integration to fully open up e-commerce, logistics, after-sales service, marketing, big data and other online and offline systems to achieve resource sharing and complementary advantages. Through joint marketing, brand promotion and other activities, the two sides have jointly improved the market competitiveness. And the partnership has led to rapid business growth and improved financial performance; Although we may face certain financial pressure in the short term, in the long run, cooperation

will bring more stable earnings and growth momentum for both sides.

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