Analyzing the Emergence of Alibaba Group from Business Ecosystem Perspective

Wen-Chun Tsai, Assistant Professor, Department of Business Administration, Chung Yuan Christian University, Taiwan

ABSTRACT

Business ecosystem perspective is a systematic thinking for business development. It has the form of dynamic and sophisticated relationships of participants or the intentional communities that are established based on the same business, economic purposes. Due to the fast-changing environment, business ecosystem perspective encourages co-evolution and value sharing among the participants to capture the opportunities in worldwide market. Therefore, this paper, from business ecosystem perspective, adopts case study and content research methodology to analyze a successful business development case – Alibaba Group. Under the leadership of Jack Ma, Alibaba has been developed as the largest company in e-Commerce business of China market. In 2014, Alibaba’s IPO in New York Stock Exchange was marked as one of the biggest IPO in the history. The purpose of this paper is to analyze the growth process regarding to the participation and evolution of business agents and the dynamic driving forces facilitating the emergence of business ecosystem, and to gain insights on management practices through the application of business ecosystem perspective. The research results show a couple of conclusions for building business ecosystem. First, the rapidly growing China e-Commerce market is the favorable external condition for Alibaba to emerge. Second, the integration of three critical elements, which are trading platform, payment system and logistics network, forms the solid infrastructure for Alibaba e-Commerce business ecosystem. Third, simultaneous developments among above critical elements are important in the emergence of particular business ecosystem. Finally, the role of major participants in every element is gradually evolving into a higher value creation and wider value sharing keystone player to increase the scope and diversity of business ecosystem. The strategic implications include the condition, structure and process for e-commerce business to emerge from business ecosystem perspective and can be referred for future studies.

Keywords: Business Ecosystem Perspective, Alibaba Group, e-Commerce Business

MOTIVATION AND OBJECTIVE

Business ecosystem, originated from the metaphor of natural ecosystem, is the systematic form of dynamic and sophisticated relationships of participants or the intentional communities that are established based on the same business, economic purposes (Moore 1998; Iansiti & Levien 2004). All firms, organizations, institutions, people, and other units getting involve in related business operations could be the participants of particular business ecosystem. They are customers, manufacturers, researchers, suppliers, technology providers, policy makers, and even competitors (Peltoniemi and Vuori, 2004). Without business ecosystem, they are the loosely interconnected communities which few of collaborations, and consequences, they could not enable the advantages they possess or leverage the resources they own. Within business ecosystem, they all depend on each other, co-evolve and develop,
and together create products and services to the same direction, such as aimed groups of customer, which is especially important for worldwide market demand.

We dedicate this paper study on analyzing and discussing the case of Alibaba group, a giant e-Commerce company operating in the emerging Chinese e-Commerce market. Alibaba could be the latest successful case for building the effective business ecosystem at the present. Alibaba was found in 1999, and within sixteen years, they obtain many great achievements in e-Commerce business. They become the largest company in e-Commerce business of China market; in 2014, their IPO in New York Stock Exchange was marked as one of the biggest IPO in the history. During the process of analyzing the emergence of Alibaba, we take the perspective of business ecosystem in operating model and strategies for its development. We also consider many different and specific points that Alibaba has made through growing process because of the particular characteristics of China e-Commerce market.

As the mission of Alibaba group declares, their business is to offer better way for doing business online, we realize that the source for the success of Alibaba group through sixteen years is to build up the infrastructures for China e-Commerce market and develop them following the business ecosystem orientation. By this study, we would like to reexamine the application of business ecosystem concepts in Alibaba group case. Through investigating the growing history of Alibaba, we expect to picture out the paths of Alibaba along with China e-Commerce to see Alibaba’s position and the major roles participating in business ecosystem. By investigating the dynamic driving forces in business ecosystem, we also would like to see how Alibaba obtains the leader position in China e-Commerce market nowadays.

**RESEARCH METHODOLOGY**

The case study and qualitative content research methodology are particularly appropriate for this paper for a number of reasons. First, our research questions are “how” questions, which follow case research methodology, that delves into the emergence process of business ecosystem (Yin, 1994; Walsham, 1995). Second, we try to interpret the currently available systematic texts, documents, which collected from other sources, to bring new discussions and conclusions for research on business ecosystem dynamics following the qualitative content analysis (Mayring, 2000). Qualitative content analysis is especially an appropriate research method to new topics like Alibaba business models and business ecosystem approaches because of its complex relationships among many co-involving factors.

The case of Alibaba group, a giant e-Commerce company operating in the emerging Chinese e-Commerce market, which is currently the world most potential market for e-Commerce, is particularly appropriate for our purpose as it contains variety of issues and factors for current research on this topic and relating researches and studies (Tan, Pan, Lu & Huang, 2009; Wei, Zhu & Lin, 2013). This paper uses the systematic texts, information and documents, including Alibaba’s Prospectus for IPO in NYSE 2014, internal publications and information from the official Alibaba corporate websites and relevant analyzing books about Alibaba group, as the main source data for analyzing. We have several interviews with Alibaba users for their experiences to services of Alibaba groups. We also analyze talks, and recorded communication of key people of Alibaba in important events mentioning about Alibaba business ecosystem approaches.
Business Ecosystem

The concept of business ecosystem is to consider each business unit joining into the whole business industry or business network as the different living unit. Those business units have close relations to each other, as similar to natural living unit in natural ecosystem. “Every organism is defined by the information in its genes, but a living thing also is defined by its relationships to its prey, competitors, and predators. In the same way, an organization is defined by its technology and by its associations with its suppliers, competitors, and customers. From a bionomic perspective, organisms and organizations are nodes in networks of relationships. As time passes and evolution proceeds, some nodes are wiped out and new ones crop up, triggering adjustments that ripple across each network. Constrained by its key relationships, each organism and each organization is held in its niche, pursuing the same goal – the genetic or technological information it carries.” (Rothschild, 1990).

Each species has its own significant role within the natural ecosystem and important impacts on the evolution of other species that makes them as the closely inter-depending community. Taking similar perspectives to business ecosystem, one cannot develop fully without the same achieving level of others. We consider the co-evolving relationships among species and their organic integrations are the approaches for innovation and evolution of companies participating in business ecosystem (Moore, 2006). Business Ecosystem, according to the metaphor of natural ecosystem describing above, is the abstract form which group from sophisticated relationships of participants or the intentional communities of economic factors that are established based on the same business, economic purposes (Moore 1998; Iansiti & Levien 2004). Without business ecosystem, they are the loosely interconnected communities which few of collaborations, and consequences, they could not enable the advantages they possess or leverage the resources they own. Within business ecosystem, they all depend on each other, co-evolve and develop, together create products and services to the same direction, such as aimed groups of customer. If the ecosystem is healthy, individual species thrive. If the ecosystem is unhealthy, individual species suffer deeply.

To consider business ecosystem as healthy and successful one, we consider its productivity and robustness, as the ability of business ecosystem to transform from resources to generate competitive advantages and sustain when business environment changes; ability to create niches and opportunities for new firms. Iansiti and Levien (2004) point out the differences between natural and business ecosystem. First, in business ecosystem the actors are intelligent and are capable of planning and seeing the future. Second, business ecosystem competes over possible members. Third, business ecosystem is aiming at delivering innovations, where natural ecosystems are aiming at pure survival.

Roles of Participants in Business Ecosystem

Depending on the each participant’s typical role and the way they act in the Business Ecosystem, we could divide them into four groups of players; these are keystones, niche players, dominators and hub landlords. We can also consider these roles as the developing strategies for firms participating in the business ecosystem. Meanwhile the niche players firms are the largest groups, keystones, dominators and hub landlords players constitute the small other groups but playing leading roles of business ecosystem (Iansiti & Levien, 2004). Through classifying participants, we could recognize that there are two possibly main groups of business ecosystem, one is niche player firms and the other is the leading groups including keystones, landlord hubs and dominators organizations.
Niche player firms play important roles in increasing diversity of the business ecosystem. They take care of one specific goal in business network or product line, focusing on developing and creating value of one particular product or service. Adobe Acrobat, for instance, is the niche company in the computing software business ecosystem, they are the software developer for an application enabling users to read, view documents through Window, Microsoft operating system. The higher number of niche player companies in the business ecosystem could have, the more dimensions in the particular industry that business ecosystem could cover. This is also one of the most significant factors describing how healthy a business ecosystem is, building solid foundation for creating value and innovation in the industry that business ecosystem focus on (Moore, 1993).

Keystone strategy is the operating strategy for business ecosystem leaders focusing on value creation and value sharing. By these two main activities, keystone players will improve the overall health of the ecosystem and sustains performance of the leader firm and whole business ecosystem. By possessing many central value hubs, creating the sophisticated platform which plays intermediate role, keystone companies will provide and manage the fundamental resources, such as necessary information for manufacture, product details, customer demands, core technologies, etc. in order to let the ecosystem’s members develop essential business activities, contribute their efforts in co-evolution of whole ecosystem. Through this process, keystones companies and ecosystem leaders successfully create the effective networked effect, close interdependence between participants, increase productivity and robustness in business ecosystem, generate more value and attract more players to ecosystem (Iansiti & Levien, 2004).

Keystones can increase ecosystem productivity by simplifying the complex task of connecting network participants to one another or by making the creation of new products by third parties more efficient. They can enhance ecosystem robustness by consistently incorporating technologies innovations and by providing a reliable point of reference that helps participants respond to new and uncertain conditions. And they can encourage ecosystem niche creation by offering innovative technologies to a variety of third-party organizations (Iansiti & Levien 2004; Moore, 2006).

Dominator strategy, in the other hand, clearly take most value and resources from the ecosystem they are in, but do not advance the value sharing progress, or do it partly, value capturing activities instead. They are the operating strategy, which was followed by most companies in traditional business, focusing more on their internal activities, leveraging their business activities and networks through vertical, horizontal integration, and causing possibly damages for the connections and relationships inside ecosystem and its participants as lack of necessary conditions to grow. Firms and business ecosystem leaders follow hub landlord strategy will try to capture as much as value from the ecosystem or most value hubs they possessed, refuse to integrate forward to control assets that are crucial to their business ecosystem’s operation, share less value and resources for niche firms, and consequences, make niche firms’ business become unsustainable.

Keystone organizations play a crucial role in business ecosystem. As the enablers, they create and share values and wealth to other business ecosystem members by providing stable and predictable sets of common assets that other organizations use to build their own activities and efforts. Dominators and hub landlords, in the other hands, are the kind of organizations which attract resources from the system but do not function reciprocally. Iansiti and Levien (2004) suggest that keystone strategies are preferable to dominator strategies, since they encourage long term innovation and niche creation for the ecosystem, and appear to be a more effective and sustainable way for leading organization to do business. Dominator strategies may produce extraordinary return in the short and medium term, but are likely to lead to eventual ecosystem collapse, massive dislocation, and the creation of a substitute keystone structure.
The Dynamics in Business Ecosystem

All members participating in business ecosystem are around by and connected by network effect. Network effect here means the value from products and services of one particular company contains another value from products and services of other companies and participants (Shapiro & Varian, 1998). So the higher numbers of participants in business ecosystem and the closer they integrate to each other, the more diversified and different value business ecosystem can generate. Appreciating its complexity and dynamic, business ecosystem is healthy and thrive when it has close and interdependent network effect. To see the complexity and dynamic perspective, Iansiti and Levien (2004) consider the way participants connect to each other through business ecosystem as the ways they do in business network. Firms in a specific value chain are grouped in particular value hub. Most firms play as niche players, and in center of value hub or a value node is captured by dominators and hub landlord. There could be many hub values in a dynamic and complex business ecosystem. The important role of keystones is to connect the most crucial value nodes of business network and combine them as the final value to customers.

Moore (1993) divides the life cycle of business ecosystem into four stages. They are birth, expansion, leadership (mature stage), self-renewal (evolution stage) or death. Birth and evolution of an ecosystem is a path-dependent, chaotic process, which means that a small difference in starting values can cause great differences to results (Kauffman, 1993). In the birth stage, companies not only try to satisfy particularly targeted group of customers, but also attempt to attract and convince potential customers via innovative operation model and high value products. Lead and key species play main roles in this stage. In the expansion stage, the business of major firms are scaled up, number of supportive species emerge and start to growth along with key species, enhancing the ecosystem adaptabilities from changes through expansions to new categories of customers and market segments.

In the mature stage, the business ecosystem could reach stability and high profitability. The network effects and the relationships between participants become indispensably dynamic and more complicated. The supportive and especially parasitical species gradually emerge and provide ecosystem variety of essential resources and solutions to cope with the challenges from business environment, which potentially become higher demanding. Lead species, in this stage, need to show their orientating role by providing more comprehensive and sophisticated system rules to maintain the healthy development of the whole business ecosystem. The evolution stage occurs when rising new ecosystem potentially threatens the current position of mature business ecosystem or new external environment changes and affect negatively to the operating conditions of whole business ecosystem, to reach evolution stage successfully, whole business ecosystem need new resources and innovating solutions to cope well with obstacles from potential threats and challenging environment. From the business ecosystem perspectives, this should be achieved by the efforts from lead species, but also equally developing level of affiliating species, including supporting species and parasitic species and enormous contributions from co-operations among them.

CASE DESCRIPTION: THE EMERGENCE OF ALIBABA GROUP

China e-Commerce market was started in years of nineties in twenty century. The basic infrastructure for e-Commerce around that time in China had specific characteristics that impact deeply in development of this field in years following. Cash-preferable was the prior choice for payment for shopper and business doing online shopping. This culture along with the low dynamic financial-banking system could not offer many sophisticated payment method to support e-Commerce such as Visa,
inter-banking card payment. Logistic infrastructure developed partly and unequal level in different areas of China. Meanwhile the infrastructure for logistic in coastal areas where most crowded cities of China were while modern, the transportation and infrastructure in inland areas were poor and lack of investment. Internet infrastructure faced same situation between coastal areas and inland areas. Until years in late 2000s, the thrive of Internet technology and mobile devices had filled up, brought Internet broadcast wider throughout inland areas and played as important contribution in increasing Internet population later (Dobbs, Chen & Chang, 2013; iResearch, 2015; Wang & Xian, 2015).

After the booming period from 1990s to 2000s with the expansion and mature in ability of manufacturing, the growth of purchasing power in consuming, retails industry field requires better methods to delivery products from producers to consumers, and to generate more demands, markets for maintaining the overall growth of economy. According to Alibaba’s Prospectus for IPO in NYSE 2014, mission of Alibaba group is to provide necessary infrastructures for easier doing e-Commerce businesses and shopping online (Alibaba’s Prospectus, 2014). They archive the mission by establishing platforms and co-involving in creating and upgrading the simultaneous growth of trading marketplace, payment and logistic.

**Birth Stage 2004 – 2007: satisfy basic demands for beginning period of China e-Commerce**

This was the beginning period of Taobao and Alipay. Majority of Chinese users, consumers and merchants had not experienced and acknowledged much for the usability and benefit of e-Commerce during this period. e-Commerce happened mostly in coastal area where Internet was more widely covered. Taobao trading marketplace operated free model to attract China manufacturers to e-Commerce and prove the usability. Alipay with the escrow payment model solved the bottleneck of cash-in-payment and earned trust for users using services in Alibaba trading marketplace (Liu, 2009; Erisman, 2015). As focusing quite narrowly on coastal areas and low demand in beginning period, logistic for e-Commerce in this stage mostly was basic in purely delivery products, based on the services of local logistic partners. The integration of Taobao trading marketplace platform and payment solution of Alipay played major role in contributing the success of Alibaba in this period for proving convenience, usability of e-Commerce and gaining trust in China producers and consumers during this time. Logistic as low demand had not shown much impacts and contributions in integrations of three elements in building infrastructure.

Alibaba played as dominator in China e-Commerce, with Alipay as affiliating services they operated trading marketplace platform. Alibaba and other participants joining their platform included trading marketplace platform, affiliating services of Alipay, marketing services of Alimama, communicating tool of Aliwangwang, and groups of Buyers and sellers as describing in Figure 1.

![Figure 1: The Business Ecosystem of Alibaba Group in 2004 - 2007](image)
Expansion stage 2008 – 2011: the growing of three infrastructure elements in scaling up potential of the e-Commerce business ecosystem concept

China retailing market in this period began developing significantly especially in coastal cities after fast and steady growing period of China economy. Market and demands for e-Commerce during this stage were growing larger as manufacturing ability and consuming powers of people across coastal areas of China increase steadily along with growth of economy. There are increasing numbers of e-Commerce users in this state and they led huge amount of transactions to current e-Commerce in demanding for delivering producing goods, and challenged current state of e-Commerce players at this time.

The growth and expansion of marketplace and payment platform played significant role in proving convenience and importance of e-Commerce in China market. Applying many technologies supporting transactions for clients such as Data management services, separating Taobao for C2C e-Commerce trading demands, and T-mall for B2C demands, Alibaba marketplace trading platform offered more sophisticated e-Commerce solutions to users for doing things online. As logistic sectors for e-Commerce depended mostly on separately and local partners, when e-Commerce market expanded areas to areas, there was huge demands for delivering products and services relating such as products insurance, payment collecting, customer relations. Logistic could not catch up the rapidly expansion of market, became the bottleneck for growth of transaction.

However, the integrating relationship between three elements in this stage started becoming firm and stable for increasing numbers of e-Commerce transactions, prove its importance for e-Commerce, drove e-Commerce growing during this stage, but logistic development was the force for e-Commerce to reach next stage (Goh & Gan, 2014; Wang & Xian, 2015). As steady growth of e-Commerce, participants joining into the business network of Alibaba became more crowded and diverse. Alibaba business network became more complex, turned into the business ecosystem with different platform models. Alibaba was playing as keystone player by handling two key marketplace trading platform of Taobao and Tmall, connecting other platforms of Alipay payment platform and beginning period of logistic platform to offer the e-Commerce services to online business and consumers as describing in Figure 2.

Mature stage 2012 – 2014: the integration of three elements for e-Commerce business ecosystem reaches stability and high profitability

The mature of marketplace trading platform and payment system, and the significant growth of logistic network set firm and stable infrastructure for e-Commerce business ecosystem of Alibaba. The close and smooth integration among these three elements plays fundamental role for maintaining and generating e-Commerce transactions, also turning whole e-Commerce business ecosystem of Alibaba more dynamic, and as result, there were many new affiliating value hubs and services emerging through this stage.

We modifies more clearly the dynamic network effect in Alibaba e-Commerce business ecosystem in this stage. The mature and simultaneous growth of three infrastructure elements, besides the network effect, which leveraged from platform approaches, set the fundamental and necessary resources to attract new participants joining in business ecosystem. The increasing number of participants then makes the network effect in business ecosystem become dynamic, and they leverage the resources from ecosystem to establish new and diversified value hubs in order to offer more different value to customers.

The market for e-Commerce during this stage, along with high demands from coastal areas, expanded to inland areas which became the forces in growing e-Commerce users and transactions for Alibaba trading marketplaces, technology and infrastructure investments, relating services to meet...
e-Commerce demand of inland areas. Under the close and dynamic network effect generated during this period, the e-Commerce business ecosystem of Alibaba became larger and mature with diversified of participants integrating with each other in many different value hubs; provides varied kinds of values to users in Alibaba e-Commerce business ecosystem from their different service platforms as describing in Figure 3.

Evolution Stage 2015 – Present: hybrid e-Commerce business ecosystem

China e-Commerce market will continue to grow and drive transaction on e-Commerce increase steadily as well in terms of trading value, internet population, creating pressure on current operating system and infrastructure of Alibaba. Infrastructure of Alibaba e-Commerce business ecosystem would be
redefined and reconfigured by adding more elements into the current system. Yet, the close integration among three initial elements will still play a fundamental role.

Platform models of other participants such as Alipay payment platform and Cainiao logistic platform in Alibaba e-Commerce business ecosystem become gradually mature. As growing similar path of Alibaba trading platform basing on huge demands for e-Commerce in China, many relating partners and participants, they would develop and grow as separate business ecosystem orientations in order to gain more sophisticated functions to satisfy the increasing demands of their own business ecosystem users. Alipay business ecosystem could contain users with demands for payments in online and offline services. Cainiao logistic business ecosystem include users for logistic demands not only for e-Commerce but also for transporting and mailing services for instance. Overall, the evolution model of Alibaba could become the hybrid business ecosystem which involving of many separating but relating business ecosystems, they co-existing, co-depending and co-evolving to offer more comprehensive e-Commerce and retailing solution to China and relating to China market.

CASE DISCUSSION

The Evolution of Participants in Business Ecosystem

The difference among keystone, dominator and hub landlord is the way and the amount of value they share to other participants. Hub landlord is the firm which holds important position in one specific hub value. Take Alipay as an example, during the birth stage of the case, it is a hub landlord which holding values generating from payment section. Along with the expansion of market and growth of e-Commerce demand, Alipay innovates its operations and increases capabilities to provide more comprehensive value to increasing demands of e-Commerce users. Alipay then becomes dominator in payment section for e-Commerce of Alibaba during expansion stage of the case. As continuous growing of market, there are more demands for Alipay in refining their operating and providing more comprehensive values to fulfill the needs. Alipay at this time need more resources and collaboration from other participants in order to get better solutions from new demand of expanded market. To start the collaboration with others, it enables sharing information and value in solving payment needs by establishing payment platform, and then becomes the new keystones in Alibaba business ecosystem. Alipay collaborates with many commercial banks and financial institutions, and then provide more payment options to users and financial supports to producers involving into Alibaba e-Commerce business ecosystem.

For Alibaba trading platform, it followed e-Commerce trading platform, which play basically mediating role for e-Commerce during the first stage of the case, Alipay at that time played supporting role, therefore Alibaba was the dominant players holding most value generating in this period. In stage two, Alibaba started following business ecosystem approach, it enabled sharing value of e-Commerce transactions to Alipay and participants involving into Alipay platform, Alibaba started its role to be keystone from this second stage. In mature stage of the case, by widely sharing value process, Alibaba become keystones as the major players in leading e-Commerce business ecosystem and connecting other participants in fulfilling the needs for e-Commerce in third stage.

There is the similar approach to logistics sector. Cainiao as the logistic platform for logistic partners involving in Alibaba e-Commerce business ecosystem become the keystone in mature stage of the case. Cainiao combine all efforts of logistic partner in fulfilling delivering demands for e-Commerce, and together with trading platform and payment platform, they create the stable infrastructure for whole e-Commerce business ecosystem of Alibaba. Through analyzing Alibaba e-Commerce business ecosystem
case, we also figure out that it is possible for a business ecosystem to have different keystones presenting and operating at the same time. Each keystone will capture and take responsibility for different values. This perspective proves the dynamic relationships and the diversity in species of a business ecosystem.

The specialization in business ecosystem is increased into higher level. To participate into the business ecosystem, which provide available sharing resources and information for manufacturing processes, firms can save times and costs for searching those information and resources, they then are able to focus more on their particular role in manufacturing specific value which they are aiming to. For instance, in Alibaba e-Commerce business ecosystem, manufacturers can take the services offering from marketplace trading platform, payment system, logistic network to send their products and services to potential consumers more effectively and efficiently, save their efforts in managing retailing and delivering issues.

Dynamic Driving Forces in the Emergence of Business Ecosystem

When overall economy thrives, there are increases in purchasing power and in manufacturing capability of producers. Consumers with high purchasing powers demand for many different kinds of products and services. This then places pressures on producers and forces them to innovate their products in order to catch the increasing demands of consumers and keep their potential customers also the competitive position in the market among competitive producers. The efforts of making better products and values to consumer increase the capabilities of producers in manufacturing. At the same time, the growing in manufacturing capabilities of producers leads the fulfillment for products and services in consumer to become shorter. The life cycle of products and services is also getting shorter, and consumers then demand for more innovative goods. Along with this, as the growing of manufacturing sector, the economy will have more forces to thrive, and then generate more job opportunities in economy and increase the income of people, as consequences, the purchasing power of consumers will increase in the same direction.

With its prominent characteristics, e-Commerce is the more effective channel than conventional retails as through Internet, it could save many different kinds of cost in establishing physical store, management fees, for instance. When producers gain better capability in manufacturing, they demand more and more for products and services distributing process to end-consumers. These demands force e-Commerce to grow as the shortcut for producers to reach consumers. In order to deliver the thorough services to users, and grow sustainably, especially during the emerging periods, there is extremely necessary for e-Commerce to build simultaneously developments among three infrastructure elements, including marketplace trading platform, payment system, logistic network. Within the integration among three elements, trading platform plays initial role for network effect happening among them. Trading platform firstly attract participants joining in the network, increase the number of e-Commerce transactions by its affiliating contributors, this then creates demands for payment to let transactions happen smoothly.

To corresponding to the grow in transaction numbers, there must be the same and relatively developing level of logistic network to deliver real products and services from producers to consumers, and make online business actually happen in real life. When e-Commerce successfully proves it conveniences to users, both shoppers and producers, and attracts many different participants involving into the e-Commerce network including users also market maker, banks, logistic partners, etc., it becomes the business ecosystem. In order to let the business ecosystem develop stably and sustainably, there must be the simultaneous growth of all participants joining in new business ecosystem of e-Commerce. We could see this characteristic through the success of Alibaba e-Commerce business ecosystem also the China e-Commerce market.
The rapid emergence of mobile Internet, mobile e-Commerce and mobile-net payment during the third stage of this study could be considered as the fruitful result for the dynamic network effect and close integration in Alibaba e-Commerce business ecosystem. The other results basing on resource availability from business ecosystem and high demand of consumers are the O2O business model and Alipay wallet, and these two new models are the effort of Alibaba in taking the gap between e-Commerce and conventional retails. In the business ecosystem with dynamic driving forces, the growth and change of one element could cause the corresponding grow and change in the performances and operations of other elements involving in the business ecosystem. The development of Alibaba trading marketplace platform could affect in the increases of the manufacturing ability of China producers, to China economy, and then to purchasing powers of China consumers. From higher purchasing power, there would be more demands for Alibaba trading platforms and Alibaba e-Commerce business ecosystem to thrive.

CONCLUSION

This study has investigated the emergence of Alibaba group through the integrating level of three elements – marketplace-trading platform, payment system, logistics network in China e-Commerce market. From observing the stages of integration of three elements in building infrastructure for Alibaba e-Commerce business ecosystem, we would like to contribute the conclusions describing as below.

Based on the perspective of business ecosystem, we would like to emphasize more deeply the importance of simultaneous developments among major contributing factors in the emergence of particular business ecosystem. In Alibaba case, they might achieve different stage if three observing factors integrate differently or not in equal level. Business ecosystem leader could leverage the dynamic driving forces through value sharing and creating more effectively. With this effect, platform could become a destination for scaling up and gathering innovations from participants joining in business ecosystem, make business ecosystem become competitive and sustainable. Keystone players play very important role in connecting and orientating business ecosystem members, also in building successful business ecosystem. By focusing on developing specific elements or major values of business ecosystem, keystone players could influent developments of other participants, create demands, set directions to all members of business ecosystem.

The other ways to approach the Alibaba case is that how Alibaba groups consider and manage the specific conditions of China e-Commerce market. As China e-Commerce market is still in growing period, Alibaba case is the very good example for other company in building e-Commerce business in the new emerging market. From lessons from Alibaba group in building infrastructure supporting for e-Commerce through the emergence and growing of three elements, trading platform, payment system, logistic network, e-Commerce companies in the emerging markets could re-evaluate the growing state of each element in their own country e-Commerce market, estimate the current integration among three. Hence, they could reposition their business and operation in their current country e-Commerce market and build up proper operating model.
REFERENCES


