

# Development and future analysis of e-commerce: a case study of Alibaba and Wish

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**Abstract.** This study research about the recent development of e-commerce in the cases of Alibaba and Wish. Over the last 30 years, the emergence of Internet and the advanced technology, e-commerce have gradually penetrated to people's daily life, the traditional retail landscape have removed to online trading. Alibaba, a dominant leader of Chinese e-commerce industry, it keeps innovate their services including artificial intelligence, digital payment, cloud computing. On the other hand, Wish is a e-commerce platform that is focusing on low-income communities, attracting users by using the mobile -first strategies and highly personalized shopping experiences. This paper discusses about the development of both companies and provide a comprehensive analysis by using the SWOT method. In addition, it identifies the future trend of e-commerce industry, which are omnichannel retailing, mobile shopping, and personalized consumer experiences as critical factors. In conclusion, the study explores the development and the trends of the e-commerce industry, emphasise the importance of technological innovation, strategic expansion to achieve the long-term success. Via the detailed examination of Alibaba and Wish, this paper offers insights into the evolving landscape of e-commerce and the strategies necessary for platforms to thrive in this competitive environment.

## 1 Introduction

After 30 years of development of the Internet, E-commerce's emergence had overthrown the traditional consumer behavior. E-commerce refers the meaning of trading commodities via Internet. Its appearance allows the global businesses to collaborate together, encouraging the world-wide products innovation. The origin of e-commerce can be traced back to the 1990s which is web 1.0, following the emergence of world wide web and online retail giants emerged, for instance: Amazon, Alibaba. Subsequently, e-commerce had grown dramatically till the modern era with increasing amounts of consumers opt to purchasing online.

E-commerce is essential in the current time, as it altered the traditional trading pattern, providing free access of global products and services. It removed geographical boundaries, allowing world-wide business collaboration. Fostering products innovation. Furthermore, it benefits the customers since the convenience of shopping at home and help them to compare the prices, getting commends. Therefore, they can select the best products in meet of their own needs. In addition, it creates a profound impact in various industries like retail stores

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and logistics. It requires a complex online communication systems and offline delivery solutions. In this case, new occupation is required, from delivery guy to the online customer services, also it is highly associated with online payment industry, offering secure and efficient way of online payment services.

Nowadays, Alibaba have been one of the largest e-commerce companies, leading the Chinese economy growth. In comparison, Wish is a smaller platform that is leading the mobile first e-commerce with millions of downloads globally. This research will discuss the development of these e-commerce company and analysis the future-outlook of the brands and the challenges may emerge in e-commerce industry.

In this paper, it uses the literature review method to obtain the information needed in the essay, in this case study of Alibaba and Wish, it will offer a comprehensive perspective to analysis the future and how these brands developed. Suggestions to the solutions of the current challenges. The paper is organized into 6 parts, including introduction, overview of Alibaba and Wish, development of Alibaba and Wish, SWOT analysis, Future analysis and conclusion.

## **2 Overview of Alibaba and Wish**

### **2.1 Overview of Alibaba**

Alibaba Group Holding limited, branded as Alibaba, it is a multinational technological company, founded by Jack Ma on the 28th of June 1999 in Hangzhou, China. In the beginning, Alibaba used the business to business (B2B) which is alibaba.com. The foundation of alibaba.com is aimed to improve the domestic e-commerce market, in specifically helping the small and median-sized enterprises (SME). Then Alibaba have built other platforms that includes the business to customer (B2C) and customer to customer (C2C) services. Lastly, they published other digital media, logistics and cloud computing services.

Alibaba's core platforms are including, alibaba.com which is meeting the needs of B2B services, businesses can find and cooperate with each other via the website, Tmall for B2C services, customers can buy goods directly from the established business. Taobao, in charging of C2C services. These platforms helped Alibaba to dominant the domestic market, finally became the leading role of the economy of Asia.

During the history of Alibaba, there are lots of milestones. Including, 2003 after launching taobao.com, taobao had become the biggest online shopping platform in China. Alibaba's 2014 initial public offering (IPO) on the New York Stock Exchange raised 25 billion dollars, marking the largest IPO in history at the time. The company has also pioneered the "New Retail" concept, integrating online and offline commerce to create a seamless shopping experience for consumers. In 2020, Alibaba achieved over 74 billion dollars in sales during the Singles' Day shopping festival [1].

### **2.2 Overview of Wish**

Wish, it is e-commerce platform company, founded by Piotr Szulczewski (former CEO) and Danny Zhang (former CTO) in 2010. Wish currently is operated by ContextLogic Inc. locating in San Francisco, United states. This platform was aimed to provide cheap commodities for low-income communities. The sellers from Wish are most from China.

Wish's core objectives are focusing on B2C services, buyers can explore and purchase things from third-party sellers. This approach helped Wish to gain a competitive price than other platforms.

Key milestones in Wish's history include beyond 100 million users in 2015, 2 years later, it has the largest amounts of downloads in e-commerce application field in United states. In 2019, Wish expanded its logistical capabilities through the Wish Local program, which partners with local businesses to provide convenient pick-up locations for customers. This initiative not only enhances the customer experience but also supports local businesses. In 2020, Wish was listed on the NASDAQ stock exchange through an initial public offering, and in 2021, the company reported over \$2 billion in annual revenue, highlighting its significant presence in the global e-commerce market [2].

## **3 Development of Alibaba and Wish**

### **3.1 Development of Alibaba**

Alibaba's historical development can be divided into several growth stages, beginning with its inception as a B2B marketplace. The company's early focus on facilitating international trade for Chinese manufacturers laid the foundation for its expansion into consumer markets. The launch of Taobao in 2003 marked a significant shift towards the C2C model, and the subsequent introduction of Tmall in 2008 solidified Alibaba's presence in the B2C sector.

In the research of Kwak, Alibaba's development had maintained legitimacy, from society, market to the relationship between customers and retailer. The publishing of Alipay ensured the security of online payment, which significantly enhanced its market position. Also, sellers and buyers can communicate with each other directly via Taobao, it can reinforce the trust between them, then Taobao published many policies to support the seller like: the no-fee policy. These made Taobao dominant in China and maintained the legitimacy. In society level, Alibaba's 'Rural tabao' program helped to bring e-commerce to the countryside, this strategy boosted the social legitimacy for Alibaba. Key strategies for market penetration and expansion have included aggressive domestic growth through Taobao and Tmall, as well as international expansion via Alibaba.com and strategic acquisitions. Alibaba has also invested heavily in technological innovations, such as cloud computing with Alibaba Cloud and advanced logistics solutions through Cainiao Network. These initiatives have enabled the company to maintain its competitive edge and adapt to changing market dynamics [3,4].

Alibaba has faced numerous challenges, including intense competition from other e-commerce giants like JD.com and Amazon, as well as regulatory hurdles both domestically and internationally. The company has addressed these challenges by diversifying its revenue streams, enhancing its technological capabilities, and maintaining a flexible and innovative business strategy. Financially, Alibaba has demonstrated consistent revenue growth, with significant contributions from its e-commerce and cloud services, solidifying its strong market position in China and its growing influence globally [5].

### **3.2 Development of Wish**

Wish's development has been characterized by its unique approach to e-commerce, focusing on affordability and a personalized shopping experience. The company's initial focus was on providing personalized product recommendations, which later evolved into a mobile-first strategy targeting low-cost products. This approach has attracted low-income communities, particularly in emerging markets.

Key strategies for market penetration and expansion have included leveraging the mobile platform to reach a broad audience, enhancing user engagement through gamification and personalization, and expanding logistical capabilities through the Wish Local program. These

strategies have enabled Wish to build a large and active user base, despite challenges related to product quality control and shipping times [2].

## **4 SWOT analysis of Alibaba and Wish**

### **4.1 SWOT analysis of Alibaba**

#### *4.1.1 Strengths*

1)Strong Brand awareness: Alibaba has established a significant presence in the global e-commerce market, as the largest Chinese e-commerce company with a strong brand reputation that attracts a large number of consumers and merchants. The Taobao, Tmall platforms provides customers with good purchasing experiences, alibaba.com offer a platform for business to communicate and corporate. Therefore, it is recognized as leading online retail destinations in China. By March 31st, 2023, Alibaba's Chinese retail businesses have taken 65% of its total revenue which is 82319 million dollars [6].

2)Extensive reliable services: Alibaba's generated various services, including e-commerce, digital payments, cloud computing, logistics, and digital media. This comprehensive ecosystem creates synergies and enhances user experience by providing a seamless integration of services. In the end of March 31st, 2023, Alibaba's platforms served over one billion Chinese consumers and had 124 million annual active consumers spending more than RMB10,000 on Taobao and Tmall [6].

3)Technological Innovation: Alibaba invests heavily in technology and innovation. It has developed advanced cloud computing, big data analytics, and AI capabilities. For instance: DAMO Academy, formed in 2017, it is a global research platform, aiming to demolishing the gap of advanced technology and the actual application. these platforms enhance its competitive edge in the market [6].

#### *4.1.2 Weaknesses*

1)Dependence on the Chinese Market: A significant portion of Alibaba's revenue comes from the Chinese market. This heavy reliance makes the company vulnerable to economic, political, and regulatory changes in China.

2)Complex Organizational Structure: The complexity of Alibaba's corporate structure, including its use of variable interest entities (VIEs) to comply with Chinese regulations, can create risks related to governance and operational efficiency [6].

#### *4.1.3 Opportunities*

1)Global Expansion: Alibaba has significant opportunities to expand its international presence, particularly in emerging markets such as Southeast Asia and Europe. The company's globalization strategy focuses on localizing its offerings and developing cross-border e-commerce capabilities

2)Growth in Cloud Computing and AI: The global shift towards digital transformation and cloud computing presents a substantial growth opportunity for Alibaba Cloud. Investing in cloud infrastructure and services can drive significant revenue growth and diversification. Giving AI to drive innovations across various industries, particularly healthcare, can open new revenue streams. Alibaba Cloud's unveiling of the Tongyi Qianwen large language model in April 2023 demonstrates ongoing commitment to technological innovation.

3)Expansion in global e-commerce market: Global trend has appeared to shift to e-commerce purchasing, instead of traditional offline retail store selling. For example, saw over 30% order growth in South Korea during fiscal year 2023 [6].

#### 4.1.4 Threats

1)Intense Competition: Alibaba faces intense competition from other major e-commerce and technology companies, both in China and globally. Competitors such as JD.com, Pinduoduo, Amazon, and others pose significant challenges to Alibaba's market share.

2)Economic and Geopolitical Risks: Economic fluctuations and geopolitical tensions, including trade conflicts and regulatory changes, can adversely affect Alibaba's operations and financial performance. These risks are particularly pronounced given the company's global operations and reliance on international markets.

3)Cybersecurity Threats: As a major online platform, Alibaba is a target for cyberattacks and data breaches. Ensuring robust cybersecurity measures and protecting user data is critical to maintaining trust and avoiding potential financial and reputational damage [6].

## 4.2 SWOT analysis of Wish

### 4.2.1 Strengths

1)Affordable and Entertaining Shopping Experience: Wish provides a unique, discovery-based shopping experience that combines technology and data science with an entertaining and personalized approach. The platform's mobile-first design, gamified features, and user-generated content make it engage and appealing to value-conscious consumers global. In 2021, Wish's mobile app was one of the most downloaded shopping apps globally, indicating its wide acceptance and popularity among users.

2)Global Reach and Diverse Merchant Base: Wish connects millions of consumers in over 60 countries to hundreds of thousands of merchants, primarily from China but increasingly from other regions as well. This broad and diversified merchant base allows Wish to offer a wide variety of products at competitive price. In 2021, Wish had approximately 550,000 active merchants on its platform.

3)Data Science and Personalization: Wish leverages advanced data science and machine learning to enhance user experience and operational efficiency. Personalized product feeds and targeted user engagement are driven by Wish's proprietary algorithms that analyze a rich dataset of user and merchant behavior. This approach has resulted in higher user engagement and retention rates.

4)Cost-Efficient Platform for Merchants: Wish provides merchants with immediate access to a global user base and a comprehensive suite of services, including demand generation, logistics support, and data insights. This helps merchants improve their performance and grow their sales cost-effectively.

### 4.2.2 Weaknesses

1)Quality and Compliance Issues: Wish has faced challenges related to the sale of counterfeit or low-quality products by merchants on its platform. Despite efforts to enforce policies and promote high-quality merchants, these issues can harm Wish's reputation and lead to regulatory scrutiny. In 2021, the company took measures to remove over 20 million products that did not comply with its standards.

2)High Marketing Expenses: Wish’s growth strategy heavily relies on digital marketing, which constituted a significant portion of its operating expenses. Rising digital advertising costs and a focus on other strategic initiatives have impacted user acquisition and engagement, posing challenges for sustainable growths. In 2021, marketing expenses accounted for approximately 56% of total revenue.

3)Supply Chain and Logistics Dependence: The company relies on third-party carriers for logistics and faces challenges related to shipping costs, delivery reliability, and supply chain disruptions, particularly from its primary merchant base in China. Any inefficiencies or disruptions can negatively affect user satisfaction and operational performance.

#### *4.2.3 Opportunities*

1)Expansion of Merchant Base and Local Partnerships: Wish has the opportunities to further expand its merchant base beyond China and strengthen its local partnerships through programs like Wish Local. Enhancing its presence in more regions can diversify its product offerings and improve delivery times.

2)Enhanced User Engagement: By continuing to innovate with gamified features, social elements, and personalized content, Wish can increase user engagement and retention. These enhancements can also drive higher conversion rates and average order values.

3)Leveraging Data Science for Growth: Wish’s proprietary data science capabilities can be further utilized to optimize marketing strategies, improve user acquisition, and enhance merchant performance. This can lead to more efficient operations and increased profitability.

4)Expansion of Logistics Services: Wish can invest in and enhance its logistics programs to provide faster and more reliable delivery options. Improving logistics can attract more users and merchants, enhancing the overall shopping experience on the platform.

#### *4.2.4 Threats*

1)Intense Competition: Wish operates in a highly competitive market with numerous global and regional competitors, including major e-commerce platforms like Amazon, Alibaba, and Pinduoduo. Maintaining a competitive edge requires continuous innovation and investment.

2)Regulatory Challenges: Wish faces various regulatory risks, including those related to consumer protection, product safety, and data privacy. Non-compliance or changes in regulations can lead to legal liabilities, fines, and operational disruptions.

3)Economic and Geopolitical Factors: Economic tensions, trade barriers, and geopolitical issues, particularly between the US and China, can impact Wish’s supply chain, logistics, and overall business operations. Such factors can also affect consumer spending and market conditions.

4)Reputation Risks: Any negative publicity or user perception regarding product quality, counterfeit goods, or unethical business practices by merchants can harm Wish’s brand and user trust. Addressing these issues promptly and effectively is crucial for maintaining a positive reputation [7].

## **5 Future analysis**

### **5.1 Future of e-commerce**

The current global trend of e-commerce is Omnichannel Retailing, consumers may purchase commodities via various channel, for instance: Experiencing the products in the offline retail stores and make purchase in online shop, as online platforms may release discount coupons

to attract more consumption. On top of that, mobile devices are the main channel for online shopping retailers can improve their official shopping apps or websites to enhance the user engagement and shopping experiences. Social media is the main source for customers to see the products, which is crucial for business to create the official account on social media like TikTok, Instagram, Facebook. KOL corporation can generate greater exposure rate. Furthermore, personalization is the core of e-commerce, retailers can understand customers' hobby and prospect budget via artificial Intelligence, data analysis tools, eventually, offer the best option to consumer. Creating the customization functions can attract more customers and maintain the retention rate. Technological process also affects the e-commerce industry, artificial intelligence can accurately predict people's preferences and providing more personalized services, Augmented Reality can offer visual image of products in reality and giving a better shopping experience [8,9,10].

### 5.2 Future analysis of Alibaba

Several emerging trends are likely to shape Alibaba's future. The global trends shift towards cloud computing presents a significant growth opportunity for Alibaba Cloud. As businesses increasingly move to the cloud, Alibaba Cloud is well-positioned to capture a substantial market share. As the artificial intelligence grow rapidly in recent years, Alibaba have heavily invested in this field to further develop the personalized function of their platform, in this way, it can enhance the consumers' shopping experiences and make it more effective. The expansion of e-commerce into rural areas and lower-tier cities in China will further drive domestic growth, while international expansion through strategic partnerships and acquisitions will enhance its global footprint. However, navigating regulatory landscapes and maintaining competitive advantages will be crucial for sustained growth [6].

### 5.3 Future analysis of Wish

Wish is taking the advantages of several key trends in the e-commerce landscape. The increasing penetration of mobile devices and internet access in emerging markets will likely drive user growth, particularly among low-income communities. The shift towards personalized and interactive shopping experiences by creating gaming content will enhance user engagement. On top of that expanding the merchant base beyond China and improving logistics through local partnerships can diversify product offerings and reduce delivery times, improving overall user satisfaction. However, Wish must address challenges related to quality control, improving the supervision of retailers in case of selling illegal commodities.

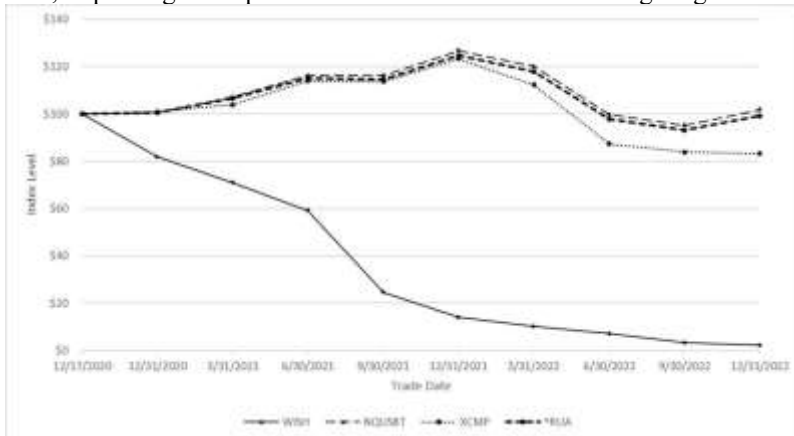


Fig.1 Stock Performance Graph

The Fig.1 has demonstrated a decreasing trend, in comparison with the overall retail industry (NQUSBT), as a result of negative comments complained about the quality, delivery time. Addressing these problems seem to be the top concern for Wish to overcome the current dilemma [7].

## 6 Conclusion

The rapid development of e-commerce had been significantly changed the traditional trading patterns, Forcing the original offline retail businesses progress into the online retail businesses. Both of Alibaba and Wish are aware of the importance of technological improvement to enhance the innovation and expand the marketplace. In terms of Alibaba, recently heavily invested in digital services like, artificial intelligence, further solidifying the cloud computing, and focusing on e-commerce development in rural area, these strategies strengthen the dominant leader of e-commerce in domestic area.

On the other hand, Wish is focusing on the low-income communities, offering affordable commodities, sourcing from Chinese manufacturers. It is famous for its mobile-first strategy, and gaming featured experiences to motivate user engagement. However, it is had negative comment as the low-quality products and the logistics.

In the future, e-commerce will be shaped in following aspects: omnichannel retailing, enhanced mobile shopping experiences, and increased personalization driven by artificial intelligence. Both Alibaba and Wish must navigate regulatory landscapes and maintain their competitive edges to capitalize on these trends. For Alibaba, continued investment in technological innovation and strategic global expansion will be key. For Wish, improving quality control and expanding its manufacturers base will be crucial for overcoming current challenges and enhancing user satisfaction.

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