Twitter Thread by Lillian Li



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1) Let's talk about how Alibaba has achieved the holy grail of big data - a holistic view of the consumer - through a plethora of product offerings and investment.

This is their overarching moat. And Amazon's got nothing on them.

2) To the outsider, Alibaba's product range is confusing af. It's all over the place and there seems to be no core competency they are focusing on.

A few divisions - Taobao (B2C marketplace), Tmall (High-end B2C marketplace), Alibaba (B2B marketplace, Cainiu(logistics)..

3) ...Elema (Food delivery), Autonavi (maps), Youku (streaming) and Feizhu(travel booking)

Also the promotional strategy is weird, In the lead-up to singles day, half the time they were promoting some cat rearing in-app mini game.

Wtf?

4) When we view Alibaba's strategy as working to create a full view of a consumer's life, including their preferences, social network and spending capacity (and ability). Then everything starts to make sense.

4) Whether a consumer buys on Tmall or Taobao tells Ali about their preferences and budget, delivery address for packages and food lets Ali know where they live and where they work (also cross-referenced with property data to infer wealth level + occupation).

5) Maps and travel lets them know where the consumer frequents, how they travel (whether they have a car or take the subway), whether they buy discounted economy tickets to Hefei or first class seat to Bali.

The meta-data from all of this is staggering, but they aren't done yet

6) The last step is to know your social circle. Which they can infer from who you live with (via same delivery address), but cut off the WeChat social maps (see my Meituan thread about Ali versus Tencent beef), they need to figure out something

better.

Enter the mini-games.



7) By playing the mini-games, players can unlock coupons for Singles day. But the biggest savings are when you invite your friends to play with you, all cats co-ordinating as a single team.

There was never a quicker way to find out who loves you enough to be cats with you

8) So no they know your preferences and social network, are we done? Of course not.

Enter two more important players in game - Ant and Weibo.

Former subsidary Ant offering payment, credit, insurance and asset management, but the payment data is the real gold.

9) One the payment data is augmented with Alibaba's (Ant has a data-sharing agreement with Alibaba for 50 years), Alibaba can see example the flow of transactions for a consumer's every day life, from salary to utilities payment.

10) This allows Alibaba and Ant to suggest relevant products to users that traditional algorithms would overlook. Take a university student, typically not the customer for credit loans since they are living on a budget.

11) But this particular one has made a series of high ticket purchases in Tmall, book frequent plane tickets to exotic locations and spends very little time comparing when making purchases.

12) Their payment linked to a family credit card and looking closr you can see substantial asset management products brought by the mum. This is some rich kid of instagram right here.

Ideal customer to offer high price items and credit products to.

13) Weibo (Chinese Twitter), who Alibaba holds 18% stake in, also shares data with Alibaba. This is galaxy brain level of data. Now Alibaba not only has historical traction but also future intent for the consumer. They now know what's hot and trending and then push relevant items

14) All in all, this makes Alibaba's recommendation engine for all products incredible powerful and on point. To a level that I find Amazon would struggle to compete with.

Or maybe I'm only saying that since I've developed a major Taobao habit.

15) It's interesting what the regulation on Ant will do. I'm very curious about the incoming data privacy regulations and how that will impact Alibaba's data moat. If you're interested on Ant, here's something I wrote a while back with @mariodgabriele https://t.co/VokvCT7sTN

I'll be doing threads like this for the rest of Jan, follow me to get these spams on your TL.

Let me know what you think!