Entrepreneurship in the Global Marketplace: e-Commerce in China & its global impact

Entrepreneurship Week at Stanford University
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Duncan Clark, Visiting Scholar, SPRIE
Marguerite Gong Hancock, Associate Director, SPRIE

http://sprie.stanford.edu
China 2.0 is an ongoing research initiative of SPRIE at Stanford University focused on the drivers & global implications of growth in China’s Internet.

- How are entrepreneurship & innovation fueling the rise of Chinese Internet firms?
- How do these firms differ from their US peers?
- Is there a future for US Internet players in China?
- How will Chinese Internet firms fare overseas?
- What are the implications for Silicon Valley & the global landscape?

Victor Koo (CEO, Youku) keynoting China 2.0
Beijing, October 2010

Inaugural China 2.0 event
Stanford, May 2010

Ongoing speaker series through May 2011
Next China 2.0 conference: Fall 2011 at Stanford

http://sprie.stanford.edu
China will soon surpass 2x US Internet population

Source: ITU, BDA Forecast
5 of the top 20 websites in the world by traffic are in China

<table>
<thead>
<tr>
<th>No.</th>
<th>Website</th>
<th>Domain</th>
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<tbody>
<tr>
<td>1.</td>
<td>Google</td>
<td>.co.jp</td>
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<td>2.</td>
<td>Facebook</td>
<td>.co.in</td>
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<td>3.</td>
<td>YouTube</td>
<td>.de</td>
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<td>4.</td>
<td>Yahoo</td>
<td>.com.hk</td>
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<td>5.</td>
<td>Windows Live</td>
<td>.co.uk</td>
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<td>6.</td>
<td>Baidu</td>
<td>.taobao.com</td>
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<td>10.</td>
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<td>11.</td>
<td>Tencent</td>
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<td>13.</td>
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<td>14.</td>
<td>Taobao</td>
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<td>15.</td>
<td>Amazon</td>
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<td>16.</td>
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<td>18.</td>
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<td>19.</td>
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<td>.wordpress</td>
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<td>20.</td>
<td>Google.co.uk</td>
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</tbody>
</table>

Source: Alexa
Google & Amazon remain the world’s most valuable listed Internet companies. Tencent is #3 followed by eBay and Baidu. Taobao & Facebook have yet to list.

*Market Cap on Feb 25th 2011. Exchange rate: 1 USD=7.79 HKD 1 USD=6.57 CNY*
US Internet firms have struggled to gain (or keep) a foothold in China
Three companies tower above others in China’s consumer Internet & eCommerce market
All three are driven by founder entrepreneurs

Pony Ma
Robin Li
Jack Ma
Tencent dominates IM & community. Baidu dominates search. Taobao dominates consumer eCommerce.
Each will increasingly step on the others' turf in China... with global ripple effects
Each has global impact or aspirations.
Tencent -> mail.ru (aka DST) -> Groupon, Facebook.
Baidu -> Rakuten
Taobao -> Softbank.
Supermarket vs. speciality - selected China eCommerce verticals

Source: BDA research
Supermarkets like Taobao vs. niche operators
Selected China eCommerce verticals

- Books
- Audio-Visual
- Clothing
- Cigarettes
- Alcohol
- Tea
- Clothing
- Footwear
- Healthcare
- Products
- Luxury
- Jewelry
- Travel

Source: BDA research
Selected China eCommerce players

Source: BDA research
China E-Commerce Milestones
China E-Commerce Milestones

Phase 1: Pioneering firms founded

1999
China E-Commerce Milestones

**Phase 2: M&A and IPOs of Pioneers; Second wave founded**

- **2003 – Taobao founded**
- **2004 – 360Buy Founded**
- **2004 – Expedia buys 30% stake in elong**
- **2004 – Amazon acquires Joyo**
- **Oct 2007 – Alibaba IPO**
- **Dec 2007 – eBay sells down stake**

**2003 – 2007**

- **Mar 2002 - Buys 1/3 stake**
- **Jul 2003 – Acquisition**
- **Dec 2003 – CTrip IPO**
- **Oct 2004 – eLong IPO**
- **Dec 2004 – Expedia acquired eLong**
- **Aug 2004 – Amazon acquires Joyo**
China E-Commerce Milestones

Phase 3: Global investors focus on Chinese consumers 2010 – 2011

- Walmart invests $0.5 bn – December 2010
- Launches China strategy – February 2011
- IPO – December 2010
- [Company logos]
Chinese Internet players will step up overseas expansion through investments and M&A - Selected cases
Keep connected to China 2.0 ... online, on your iPhone/iPad

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