[??????????? BAT ???]

??????????? BAT ???

???Mike Edmonds

Even Amazon can't figure out China.

As reported, as of July 18, Amazon will close its third-party online marketplace and stop providing seller services on its Chinese website, Amazon.cn. Domestic businesses will no longer be able to sell products to Chinese consumers on Amazon's e-commerce platform. As the Wall Street Journal notes, Amazon owns just 6 percent of e-commerce market share for goods imported into China, far behind leader Tmall International, with 31.7 percent – even after Amazon has been building a presence in the world's largest retail market since 2004.

Amazon Gets Hit with a BAT

It's tempting to ask, "What went wrong for Amazon?" But the better question might be, "What has been going right for Amazon's competitors in China?" For no matter how effective Amazon is as a global retailer, China plays by a different set of rules dictated by the three powers: Baidu, Alibaba, and Tencent, known collectively as BAT. As I have blogged, BAT operate complex, proprietary ecosystems that easily lock out competitors. Alibaba, for instance, owns the Alipay e-commerce app, which facilitates payment on the dominant Tmall marketplace – which is also owned by Alibaba. And Tencent owns WeChat, one of the Chinese "super apps" that make it possible for consumers to do everything from communicating to purchasing goods and services.

These ecosystems give BAT a number of advantages, among them the ability to collect data on consumer purchasing habits and adapt accordingly. For instance, as we've discussed, Alibaba has figured out how to reach China's growing population of affluent consumers by launching destinations such as the Tmall Luxury Pavilionand by forming relationships with brands such as Cartier-owner Richemont. These developments result from Alibaba doing what Amazon does so well elsewhere: analyzing customer purchase behavior.

This is what an unfair advantage looks like.

A Different Set of Rules

Amazon, used to setting its own rules in other markets, is not playing on a level playing field. But Amazon is not the only business struggling to gain a foothold in China. A recently conducted survey by Frost & Sullivan finds that only two out of 10 U.S. and foreign retailers believe they are penetrating China. According to the survey, **"**Over 80 percent of surveyed U.S. and foreign retailers see China as a lucrative market, as affluent Chinese consumers seek quality products from overseas. However, only 20 percent of retailers feel confident in their capability to succeed in China's e-commerce market."

All that said, given China's size and influence as a market, businesses will keep trying to win there. And that's perfectly fine and good so long as you respect the power of Baidu, Alibaba, and Tencent. At Moonshot, we suggest navigating China through the lens of your people, processes, and platforms – an approach we call the BAT Framework. The BAT Framework covers questions such as:

- **People:** for example, in which ecosystems are my most enthusiastic customers?
- **Process:** what is the role each ecosystem plays in my customer's journey?
- **Platform:** in which platform does my product have the greatest traction?

In addition, it's essential that businesses understand that what works outside China might not work inside China. QR codes, ignored in so many markets outside China, are essential to doing business in China, as discussed here.

What You Should Do

Don't run from China. But proceed carefully and learn the rules for gaining traction in China. For more insight into the BAT Framework and why it matters to your future in China, check out our blog post from 2018, which applies more than ever today. And contact Moonshot to learn how to get started in China. Our human-centric FUEL methodology helps businesses discover, design and scale new products in a way that mitigates risk and cost when entering new markets. Don't let the news about Amazon discourage you. Learn and work with us to win.