

Taobao Mall Welcomes 38 New Leading Chinese B2C Sites

BEIJING, September 19, 2011 – Taobao Mall (www.tmall.com), the largest business-to-consumer (B2C) online retail platform in China, has secured commitments from 38 leading Chinese B2C sites to join its open B2C platform. This move will further enhance the consumer retail experience by assembling the widest variety of quality brands and authentic products in a single shopping destination, creating an ecosystem for all e-commerce stakeholders to jointly share the benefits from the projected gross merchandise volume (GMV) of RMB200 billion (US\$31.3 billion¹) that Taobao Mall is expected to attain in 2012.

Intime (Yintai), Vancl, No. 1 Store (Yihaodian), Newegg, M18, Cool8 and Redbaby are among the 38 Chinese vertical B2C sites that have committed to a strategic cooperation with Taobao Mall and will be setting up flagship stores on the Tmall.com platform.

"The key to elevating the overall retail experience for consumers across China is an open B2C platform that brings together retailers, e-commerce service providers and logistics service providers in an ecosystem that facilitates convenient cooperation between all parties," said Daniel Zhang, president of Taobao Mall. "In addition to opening up the platform for retailers and brand owners alike, Taobao Mall will work with a range of third-party e-commerce service providers and logistics service providers to create a quality retail infrastructure for the online B2C sector in China."

"Alibaba Group has been a persistent champion of creating open and vibrant ecosystems, as openness is the inevitable way forward for the Internet industry," said Zeng Ming, chief strategy officer of Alibaba Group. "In a future that will be increasingly driven by consumer demand, an open eco-chain is essential to enable innovation and specialization that can satisfy ever more sophisticated customer needs and expectations."

"Taobao Mall itself will not sell merchandise nor become a retailer, and will continue to focus on its core competency as a B2C platform that helps brands and retailers to grow and flourish," said Zhang. "We are not weighted down by the low gross margin pressures of taking on our own inventory. Our platform business model enables us to re-invest our profits towards better customer experiences and support for merchants."

Taobao Mall maintains a profit margin on par with the current average for Chinese Internet companies.

To complement this strategy, Taobao Mall will also implement a comprehensive upgrade of its merchant management policies to raise the quality of customer service and consumer protection through incentivizing buyer satisfaction. For example, all merchants will be mandated to pay a security deposit to be used to incentivize practices that meet Taobao Mall product and service quality guidelines. Moreover, Taobao Mall remains firm in its longstanding zero-tolerance attitude towards fake products and will immediately suspend stores on the platform selling fake products in addition to a deduction of the full security deposit.

Taobao Mall will also reject use of low-quality and unrealistic pricing practices by merchants, and focus on fostering a marketplace for healthy pricing through market-driven tactics and creation of separate distribution channels for off-season special pricing merchandise.

Since its launch in 2008, Taobao Mall has required all merchants to guarantee authenticity of products, provide official Chinese VAT receipts with purchase and provide seven-days-no-questions-asked exchange or refund. In the area of logistics, Taobao Mall established a fulfillment information management structure and service standards.

¹ US\$1 = RMB6.38

Taobao Mall expects to generate nearly RMB100 billion (US\$15.7 billion) in GMV in 2011, and is targeting RMB200 billion (US\$31.3 billion) for 2012.

On 16 June 2011, Alibaba Group reorganized Taobao into three separate companies in a tactical move to capture growing opportunities in the Chinese consumer market and Taobao Mall was given a clear mandate to dedicate its focus on the B2C sector. As of September 2011, Taobao Mall has more than 70,000 brands offered by more than 50,000 merchants on its platform supported by a vast community of third-party e-commerce service providers and logistics service providers. UNIQLO, L'Oreal, adidas, GAP, Unilever, Ray-Ban, Steve Madden are among the brands with flagship stores on Tmall.com. Taobao Mall has 48.5 percent market share of the B2C market in China, according to iResearch data for Q2 2011.²

About Taobao Mall

Launched in April 2008, Taobao Mall (www.tmall.com) is the leading online shopping destination in China with 48.5 percent market share of the country's business-to-consumer (B2C) online retail market according to iResearch. An open B2C platform with more than 70,000 major multinational and Chinese brands offered by more than 50,000 merchants, Taobao Mall has established itself as the premier destination for authentic, quality products. In June 2011, it was separated from Taobao's C2C marketplace and became an independent business. Tmall.com is the most visited B2C online retail website in China according to Alexa. Taobao Mall is wholly owned by Alibaba Group.

²iResearch 2011 Q2 E-commerce Report, issued July 19, 2011: iResearch Consulting Group