

Alibaba

How a pandemic led the world to start shopping on Alibaba

The Chinese tech giant has emerged as a key supplier of PPE — and a global ecommerce player



Jack Ma, founder of Alibaba, which has emerged as a crucial middleman between Chinese factories and immense global demand for PPE © FT montage; Getty Images

Ryan McMorrow and **Nian Liu** in Beijing 5 HOURS AGO

Alibaba already had its sights on global expansion — but the coronavirus outbreak has given China's largest ecommerce company an opportunity to accelerate that vision.

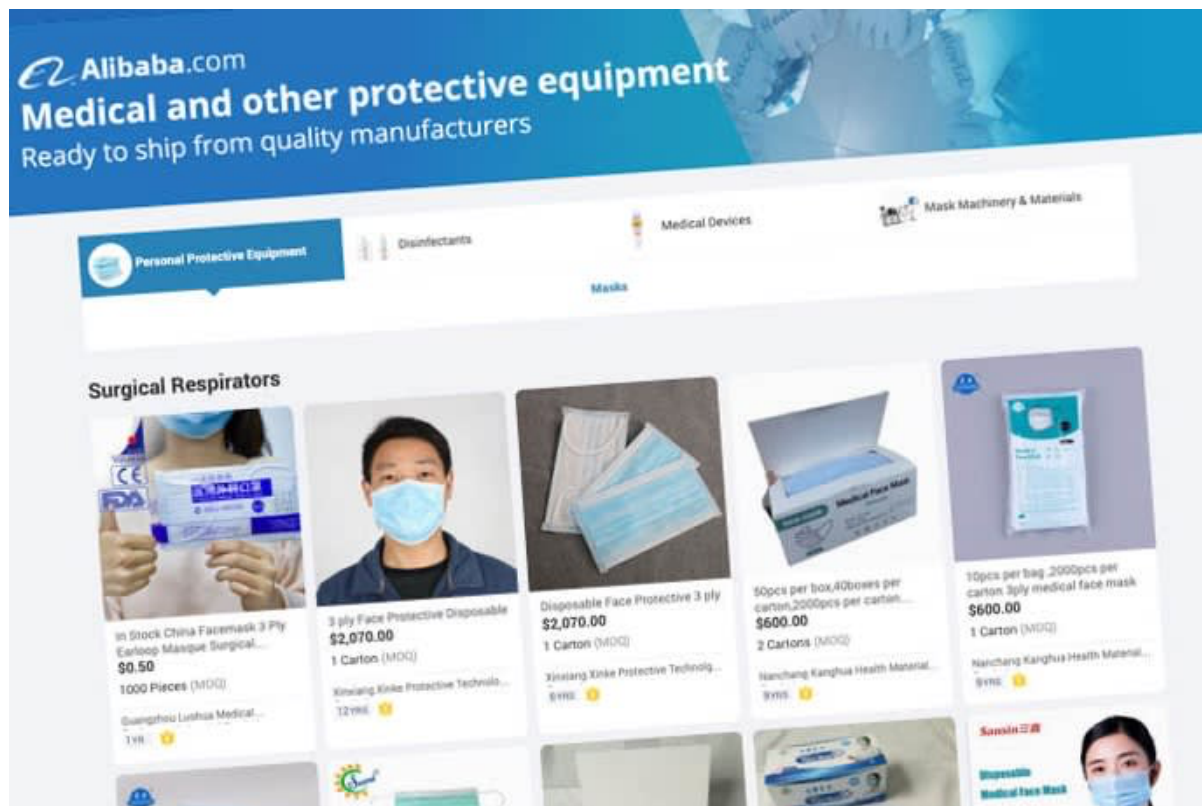
In recent weeks, the Hangzhou-based tech giant has emerged as a crucial middleman between Chinese factories and immense global demand for the equipment needed to fight the pandemic — from protective masks to hand sanitiser and ventilators.

In part, this is down to the donation efforts of founder Jack Ma and Alibaba's charitable arm, which has shipped more than 40m items of personal protective equipment to 150 countries, and pledged to give 101m masks to the World Health Organization.

But Alibaba's new-found PPE proficiency has also opened it up to an enormous potential new market, as global consumers turn to the Chinese ecommerce giant for the first time and discover what else it has to offer them.

In Europe and the US in particular, the company's platforms have benefited from an acute spike in demand that has made protective equipment difficult to find locally and on overburdened ecommerce platforms such as Amazon and eBay.

In Spain and Italy, traffic to the company's AliExpress platform, which connects Chinese merchants with shoppers around the world, increased by 20 per cent and 14 per cent respectively during the first quarter compared with the previous year, according to SimilarWeb data.



Alibaba's English language sub-site for coronavirus protective equipment

“We are very much in need,” said 20-year-old Emanuele from northern Italy, who placed his first Alibaba orders this month after being unable to find masks elsewhere. “The state only gave us one disposable mask, but we are six adults and two children,” he said.

In recent months, Alibaba has targeted southern Europe in particular, where online shopping is less well established than in countries such as the US, UK and Germany, and so its competitors are not so entrenched.

The company has poured advertising resources into these regions in an effort to win new customers. According to Sensor Tower, Alibaba's were among the most-displayed shopping app advertisements in France, Spain and Italy in February and March on Facebook's ad network.

Meanwhile the company is also gaining new customers across other parts of Asia.

Editor's note



The Financial Times is making key coronavirus coverage free to read to help everyone stay informed. [Find the latest here.](#)

“Where I live, there is an absolute shortage of PPE,” said 31-year-old Sajjad Ahmed from Pakistan, who last month made his first order for 50 masks on AliExpress. “Masks here are selling like hot cakes at the moment. Local sellers are doubling the prices to customers after getting them from AliExpress.”

PPE supplier to the world

Alibaba's emergence as a go-to supplier of PPE comes in the midst of a global expansion plan that was already under way. Last year, AliExpress opened up to local sellers in Spain

and Italy, among other countries, undercutting some rival platforms by charging lower commissions.

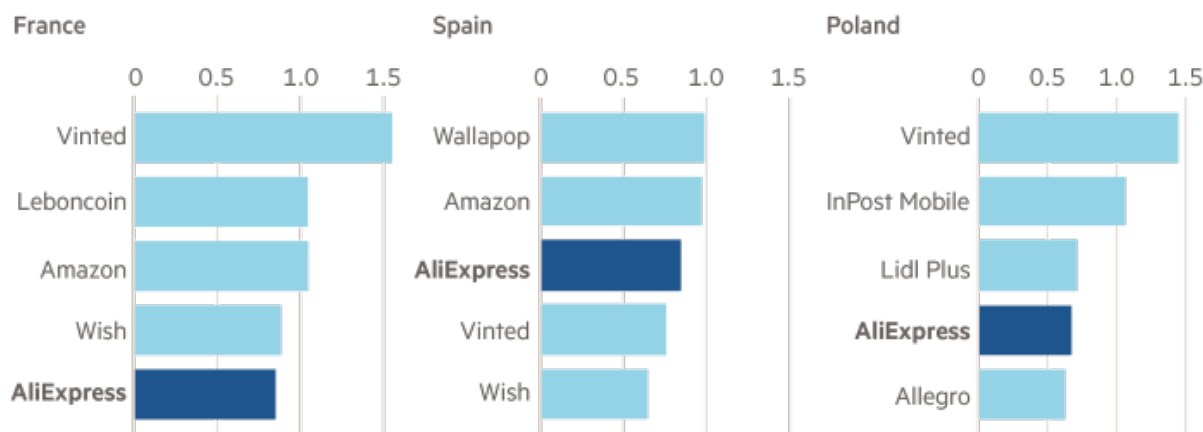
According to David Dai of Bernstein Research, the company is pursuing international growth on two fronts: directly through AliExpress in mature and competitive markets, and through locally run ecommerce platforms in emerging markets.

“Alibaba certainly has the ambition to expand overseas and become a global ecommerce giant,” he said.

In recent years, the company has cultivated a substantial global footprint, with a patchwork of local ecommerce sites including Singapore's Lazada, in which it has invested \$4bn, and Turkey's Trendyol and Pakistan's Daraz, which it acquired in 2018. Elsewhere it has invested \$945m in Indonesia's Tokopedia, taken a stake in India's Snapdeal, and formed a joint venture, [AliExpress Russia](#), which has come to dominate online sales in the country.

Top shopping apps downloaded in selected European countries

Q1 2020 (m)



Source: Sensor Tower
© FT

Before the outbreak took hold, Alibaba's international ecommerce businesses contributed about 6 per cent of its sales in the fourth quarter of 2019, having grown by 23 per cent from the previous year. Its logistics arm Cainiao reported 67 per cent growth — in part a result of ferrying more packages overseas to its 120m annual overseas shoppers.

AliExpress, which was launched in 2010, is at the centre of its international efforts, though so far it has offered global customers a somewhat mixed proposition: lower prices in exchange for longer waits, since most packages originate in China. As a result, AliExpress — which offers everything from vacuum cleaners to wigs — has been most successful in countries where Amazon's penetration is low and rapid delivery is hard to come by.

"Whenever Amazon is weak or not present at all, AliExpress is stronger," said Ralph Huebner, partner at Ecom Consulting GmbH.

The coronavirus pandemic is introducing new customers to the platform. In the first three months of the year, AliExpress ranked among the most downloaded shopping apps in countries including Spain, France and Poland, according to data from Sensor Tower.

Meanwhile the company has seen an uptick in air shipments — mostly containing face masks and other medical gear — to its European hub in Liege, Belgium, where Cainiao is building a €75m (\$82m) logistics centre over about 30 football pitches' worth of land. The hub connects to a new freight train line from China and is critical to Alibaba's plan to take on Amazon in Europe.

"From Hangzhou to Liege we used to do three flights per week. Now it's four. We are adding another one in the next two weeks," said James Zhao, general manager of Cainiao Global Supply Chain.

Cainiao plans to build a similar logistics hub in Africa, Mr Zhao said, noting that preparations were still in the early stages. The ecommerce company hopes that the continent's 1.2bn people could help it meet its goal of reaching 2bn customers by 2036.

Beyond the mask business

After the current crisis, the challenge for Alibaba will be to harness its recent gains and convince the world to turn to it for more than just PPE.

“The mask business is providing a reason for customers to try AliExpress. When people realise it's easy to buy masks on AliExpress, they will use it to buy other things in the future,” said Chris Bu, a manager at Alibaba-backed 4PX, a Cainiao logistics partner.



Jack Ma's foundation delivers PPE to Juba in South Sudan as part of a charitable effort to supply African countries © AFP via Getty Images

In Europe, the company faces a battle similar to the one it overcame in its home market, where five years ago it was known for slow, unreliable shipping compared with rival JD.com, which pioneered next-day delivery. Alibaba eventually prevailed by investing heavily in its logistics infrastructure and taking stakes in partner courier firms — and is now pursuing a similar strategy in Europe.

4PX had warehouses in seven European countries and was working with AliExpress to build out local fulfilment options, said Mr Bu.

“China's ecommerce took off after the Sars outbreak. I believe we will see a similar trend in Europe this time,” said Mr Bu.

It's a difficult site to navigate. It's not like just going to Amazon.

Yury Tsukerman, who built a website to help people buy PPE through AliExpress

Still, the company's freewheeling marketplaces pose challenges to luring casual shoppers away from Amazon.

Last week Alibaba took steps to prevent sales of counterfeit and low-quality masks — an issue that has tarnished China's reputation as a provider. Factories selling masks in bulk on Alibaba.com now have to undergo additional verification, and most AliExpress shipments to

the US have been curtailed as sellers are reviewed.

Meanwhile Mr Ahmed in Pakistan said he diligently read through reviews before ordering with one seller, who then never shipped his first batch of masks — though AliExpress did eventually provide a refund.

“With KN95 masks or N95 masks, [they] give you 100,000 results . . . It's a difficult site to navigate,” said Yury Tsukerman, who built an intermediary website called Areweoutofmaskset.com to help people buy PPE through AliExpress. “It's not like just going to Amazon.”

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