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## “Walled gardens: Tencent vs Alibaba”

2 companies. 2 cultures. 2 ecosystems.  
Which one will your business choose?

Both companies started from humble origins in the early 2000s and decided to take head on big competitors (Alibaba competing against Ebay, Tencent competing with instant messaging companies like Yahoo messenger). And they succeeded big time building 2 big ecosystems based on their biggest strengths:

1. Instant messaging and value added services for Tencent (i.e. online gaming and add ons)
2. E-commerce for Alibaba (i.e. Taobao)

In the recent years their growth trajectory has pushed the 2 companies to step into the areas of expertise of each other due to development and investment strategies.

### **Development strategies**

Alibaba: buys controlling stakes in businesses that are a fit with its commerce platform and plenty of times assigns C level executive(s) in the board of the acquired company. Their objective is to set an operating mindset in line with Alibaba.

Tencent: buys minority stakes in very diverse businesses to build new partnerships and gain access to their technology. They tend to give money / technology to the company, but decide to leave the management team in place. In exchange, the partners have to use Tencent tools.

### **Prolific investments in the last 3 years**

Tencent: 280 deals

Alibaba: 174 deals

### **Examples of overlapping.**

Tencent

- invested in e-commerce (JD.com)
- supermarkets (Carrefour)
- Web hosting (email / data centers)

Alibaba

- Instant messaging for SMEs (i.e. Dingtalk: <https://www.dingtalk.com/en/>)
- Social media (i.e. Sina Weibo, Tudou Youku)

Now they are the behemoths of China. And they are QUASI-STATE-OWNED-COMPANIES.

The Chinese government is pushing them to increase the investments in:

Smart cities for Alibaba.

Medical imaging for Tencent.

As a final result, their businesses have built 2 ecosystems competing with each other.

What will your company choose? And what will consumers choose?

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