

## 2012 E-COMMERCE WINTER, 2013 STRENGTHENED OLIGARCHY

By [Cécilia Wu](#) [1] | December 20, 2012 | [3 comments](#)

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When 2012 is approaching to its end, often time for us to reminisce the past and anticipate the future and here is about e-commerce. Beginning of 2012 was heralded as the “e-commerce winter” by many in China, but now I just realized it was rather a specious idea. Online business in this country has

been always in spring or even summer, and it is just the chilly wind blowing from the oligarchical business structure.

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In December, I just compiled the countdown list of any e-commerce site either busted or debt-laden in 2012. Strikingly, when I discerned this so called “violent winter shakeout” has not increased much more “death toll” or “casualties” compared with the same kind list I did in 2011.

Some defined “2012 e-commerce winter” is, to be more precise, the “e-commerce capital winter”; that is investors are no longer willing to spray money generously in this sector. Make more sense. Inordinate capitals had spawned numerous e-commerce startups. However sudden shortage of money supply would leave them like fish on dry land gasping and eventually die quietly and slowly; if lucky, such gasping “fish” would be put in the capital market for acquisition sale, for instance Redbaby acquired by Suning.

The kingdom of China e-commerce already achieved its full-fledged business structure-oligarchy (perhaps a strong and inappropriate term to be applied here, but I would like to use it anyhow).

Few statistics speak all (according to iResearch Q3, 2012)

The awe-inspiring **Taobao** market place accounted for **95.43%** of the C2C market share

**As for B2C:**

**Tmall** (the twin brother of Taobao) took **54.6%** of market share

A little digression here might be necessary here: Taobao and Tmall claimed a combined turnover of **RMB 1000 billion** (about USD 159 billion) in the past 11 months in 2012. Well, regardless of C2C or B2C, this twin-ruled entity, instead of an online retailer, just functions as online venue hosting all the e-commerce business traders (as if stock exchange market). To aggregate all the transaction values from all the e-traders on its platform, you might be totally dazzled by this astronomical figure. In reality, local experts estimated that the actual revenue for Taobao and Tmall, earned from advertising, technical support service fees etc should be **RMB 30 billion**. Still through the prism of “RMB 1000 billion turnover”, we glimpsed the dominant governance of Taobao and Tmall.

boisterous yet mighty e-retailer **360buy** acquired a slice of **21.8%**

**QQmall** powered by **Tencent** got 4.5%

Offline electronics giant **Suning** has pushed its online tentacle hard enough to reach **4.2%**

(And please allow me to ignore any player less than 4% of the market share at this moment)

These “big boys” are setting their feet firmly in the ground of China e-commerce arena; they fight ferociously among each other and in the mean time crushing any “small boys”. Probably “small boys” are no longer eligible to play this e-commerce game. Though you might try, the question is can you scarifice profits for traffics and burn your cash like those “big boys”?

Of course, I do not absolutely deny very few successful vertical e-retailers to survive; besides might also be some extra space for brand owned independent e-commerce to grab.

None the less in 2013, I foresee the oligarchy in China e-commerce will be amply solidified.



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