Tech giants fight for supremacy

Alibaba and Tencent are increasingly entering each other's strongholds as they duel for market share

By **HE WEI** in Shanghai
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China's two technology giants are growing more alike than they are different.

After all, Alibaba and Tencent are both racing up the elite league of the world's most valuable companies. By placing a string of costly bets at home and abroad, both are extending tentacles into previously uncharted territory.

While Alibaba was for years mainly known for its e-commerce business, and Tencent for its gaming products, the two companies have been increasingly entering each other's strongholds. Mobile payment, bike-sharing, retail and entertainment are just a few of the services both companies now offer.

Their founders, Jack Ma and Pony Ma, even share the same family name.

The two entrepreneurs, among the most luminary business figures in China, have not shied away from the inevitable head-to-head confrontation. During the 2017 Fortune Global Forum on Dec 6-8 in Guangzhou, South China's Guangdong province, the duo publicly admitted to respecting each other while having to butt heads across so many areas.

China, especially in the digital sphere, is moving to two credible "ecosystems" — Alibaba and Tencent — which are both trying to provide as wide a range of services as possible to customers, said Richard McKenzie, partner at global consultancy Oliver Wyman.

"As such, the competition we see today is just the beginning. They will do it in different ways and with different business models — certainly there will be more overlap and competition in the future," he said.

A customer (right) buys groceries at a food market in Nanning, in South China's Guangxi Zhuang autonomous region, on Dec 23. More and more customers are using mobile payment apps such as WeChat Pay or Alipay for everyday purchases.
PENG HUAN / FOR CHINA DAILY

Indeed, it is tough to fathom just how pervasive mobile wallet Alipay or messenger app WeChat is for everyday life, until the fifth person asks to scan your QR code to pay for a latte or to simply connect the two of you.

E-wallet solutions Alipay and WeChat Pay provide a consortium of services, from digital payment and ticket booking, to wealth management and civic services.

Nearly 94 percent of the yuan being digitally handled by Chinese go through the two platforms, according to consultancy iResearch.

Amid an escalating duel for supremacy throughout last year, they were engaged in a string of battles to encourage consumers to use their e-wallet solutions by dishing out a slew of incentives, such as cash rebates, free bus rides and even a chance to win gold.

And the battle is spilling beyond China's borders. Through acquisitions and partnerships with local payment networks and e-commerce vendors, both stand to offer cashless payment in 200 countries and regions.

"It's effectively a closed loop: You have demand generation, real transactions, payments data, real identity, and can do credit scoring much better than in the West," said Li Chao, a senior fintech analyst at iResearch.

Instead of getting their own hands dirty amid this competition, the tech duo have a timeworn tradition of initiating proxy wars, usually through portfolio companies.

In the ride-hailing war, it was Alibaba-backed Kuaidi Dache versus Tencent's Didi Dache, which later merged after a series of cash-burning wars. In bike-sharing, Ofo's yellow bike fleets are bolstered by Alibaba and its affiliates, while Mobike stands in Tencent's camp.

"One difference is that Alibaba is more into owning everything, such as its indigenous online travel platform Fliggy and local services platform Koubei, while Tencent is more into partnership, with Tongcheng and eLong in the travel sector and Meituan-Dianping in food delivery," said Wang Xiaofeng, a senior analyst at research and advisory firm Forrester.

The list goes on to include ticketing, video streaming, cloud computing and almost every realm of business life.

"Alibaba and Tencent have been the most successful in their execution of developing a leading position in one or two segments, expanding into additional areas, leveraging your most popular properties to drive traffic, then weaving all properties together into a mutually reinforcing ecosystem," said Mark Natkin, founder and managing director of Marbridge Consulting.

McKenzie at Oliver Wyman said the core to such all-rounded confrontation is to vie for the customer's time and share of attention, as both ecosystems have a goal of "offering everything" so customers never feel the need to leave the system.

Natkin said that both are working closely with policy planners in supporting official smart city and Internet Plus initiatives, which will only help further consolidate their dominance.

Belt and Road unlocks Laos potential

Initiative lifts confidence of Yunnan-based investment firm seeking opportunities in the Southeast Asian nation

By **LI YINGQING** and **DENG YANZI** in Kunming

The continuous rollout of China's Belt and Road Initiative gives Yunnan Provincial Overseas Investment Co a further boost of confidence for its investment plans in Laos.

Since entering the Laos market in 1997, the company's exploration in the developing Southeast Asian country has been steady but tough, until the proposal of the trade and infrastructure-focused Belt and Road Initiative in 2013, according to the company's executives.

"It is the mission of our company to become a global company, which makes our international projects a crucial part of our business. The Belt and Road Initiative has definitely boosted our confidence in our steps to 'go global', offering a bigger platform for further development," said Liu Guangcan, deputy general manager of Yunnan Provincial Overseas Investment Co.

Based in Kunming, capital of Southwest China's Yunnan province, the company is the Chinese investor behind the Saysettha Development Zone, a State-level special economic zone in Laos near the capital Vientiane.

As a collaborative project between the Chinese and Laotian governments, it aims to accommodate 150 companies in industries such as agricultural goods, machinery manufacturing and logistics by 2030.

The zone is expected to provide 30,000 jobs to the local community, according to the company.

During his state visit to Laos in November, President Xi Jinping mentioned the "good progress" made by the project, in a signed article in the Laotian media. He also lauded the zone's contribution in helping Laos "upgrade its industries, attract FDI (foreign direct investment), create jobs and boost the growth of its SMEs (small and medium-sized enterprises)".

The development of the Saysettha Development Zone is expected to enjoy a boon after the opening of the China-Laos railway — set for completion by late 2021 — a Belt and Road infrastructure project connecting Kunming to Vientiane.

The gate of the project is merely 1 km away from Vientiane's railway terminus, according to Liu Hu, the zone's general manager and vice-general manager of Yunnan Provincial Overseas Investment Co.

"Logistics costs have a significant impact on our companies in the area. When the China-Laos railway starts services in the future, it will dramatically reduce the costs of transporting raw materials and products into and from our development zone," said Liu Hu.

One of the biggest Chinese investors in Laos, the State-owned Yunnan Provincial Overseas Investment Co is the investor and operator of Vientiane Center, the capital's first urban complex. Launched in early 2015, it provides jobs and business opportunities for the local community.

"I keep hearing about how substantially life has changed for the Laotian people before and after they work for us," Liu Hu recalled. "Chinese investments have brought about concrete improvement to the lives of people along the Belt and Road Initiative."

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