

A Preliminary Study on Anti-monopoly Problems of Chinese Internet Enterprises Take the Alibaba Case as an Example

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ABSTRACT

With the high-speed development of China and the arrival of the digital era, the development of the Internet economy, big data and AI not only completely changed the way we production and living, also contributed to the rise of a group of Internet companies. But in the process of economic development of the Internet also appeared some problems, in particular, more attention has been paid to industry monopolies. Due to the complexity and diversity of the monopoly means of the Internet economy, the Internet anti-monopoly faces many challenges, such as how to define the monopoly mode and the dominant market position. This paper adopts the summary induction method and empirical analysis method, and combines the Alibaba anti-monopoly case to analyse the monopoly mode. Furthermore, the author discussed the industry stagnation and regulatory difficulties under monopoly, and put forward some thoughts on the monopoly phenomenon. At last, the author came to the following conclusion: Whether from the perspective of enterprises' understanding of their responsibilities or the government's strengthening of supervision and improvement of the system, we should always take the protection of market competition as the fundamental goal.

Keywords: *Anti-monopoly, Electric business enterprise, Bigdata, The Chinese market, Internet Economy*

1. INTRODUCTION

In China, under the Anti-Monopoly Law of the People's Republic of China, a total of four kinds of monopoly behaviours are stipulated. Despite the existence of relevant laws, China's road to anti-monopoly has only just begun, and its legal and judgment systems have not been fully developed. Compared with other countries' efforts to suppress monopolies, China's supervision of Internet monopolies also appears to be somewhat quiet [1]. In terms of the present development of China's Internet economy, compared with the traditional industrial economy is not on the Internet is based on the product competition, more like based on the information competition competition from big data, and there is a platform for media, data oriented, oligopoly competition pattern present situation [2], if under the network economy, continuing to use the traditional analysis method to determine the monopoly behaviour of Internet enterprises may lead to an embarrassing situation of Internet anti-monopoly. If it is in a vicious circle for a

long time, some small and medium-sized enterprises will gradually fall down due to brain drain, data imbalance and giant suppression, resulting in unbalanced market competition. Therefore, this paper will take Alibaba's anti-monopoly case, a landmark event, as an example, and use the method of summary induction to specifically analyse the monopoly mode of Alibaba and other Chinese giant enterprises and their impact on the industry, and accordingly put forward some thoughts on the future development of the industry.

2. BASIC INFORMATION OF ALIBABA'S ANTI-MONOPOLY CASE

Alibaba Group is a company founded by Jack Ma in 1999, and currently serves as chairman and CEO of Daniel Zhang. Its main businesses include online retail platform services, retail and wholesale commerce, logistics services, etc. In addition, the business ecosystem is supported by the business and services of the associated companies. Business and affiliated

companies include: Taobao, Tmall, Aliyun, Ant Financial, Cainiao Network, etc.

The State Administration for Market Regulation launched an investigation into the alleged abuse of dominant market position under the Anti-Monopoly Law of the People's Republic of China in December 2020 after receiving a tip-off about Alibaba's "Alternative or Alternative". It defines the commodity market related to Alibaba's anti-monopoly case as the online retail platform service market within the territory of China, and confirms that the party has a dominant position in the relevant market and has grasped the facts and basis for the party to abuse the dominant market position. On April 6, 2021, the State Administration for Market Regulation ordered the party concerned to stop his illegal behaviours and imposed a fine of 4% of his annual sales in China, sum to 18.228 billion yuan, in accordance with the Administrative Punishment Law of the People's Republic of China [3].

3. A BRIEF ANALYSIS OF ALIBABA CASE

Alibaba Group's attempt to abuse its dominant market position to "choose one or the other" was finally punished. However, due to the characteristics of bilateral market, network externality, user lock-in effect and user barrier of Internet enterprises, regulators are easily entangled with disputes in the judgment. Therefore, the author will discuss the anti-monopoly case of Ali from two aspects: monopoly mode and the consequences caused by monopoly.

3.1. The data of monopoly

The regulatory authorities judge that Alibaba Group has a dominant position in the relevant market from three directions. First, from the perspective of revenue and transaction volume, Alibaba Group's market share exceeds 50%. Secondly, from the perspective of platform service market revenue market share, Alibaba Group has fewer competitors and the relevant market is highly concentrated. Finally, Ali Group has abundant financial resources and cash technology, and it is difficult for Alibaba to intervene in the online retail platform service market [3]. The reason why Ali Group has become a giant in the industry, the author believes that in addition to the above reasons, it also lies in its huge data accumulation. The biggest characteristic of the digital economy era is that data is the core of competition. Enterprises use data to improve their products and services and improve their production efficiency. And as the number of users continues to increase, its benefits will increase exponentially [4]. To Alibaba group, the behavior of the "alternative" as an example, it forms a closed market, by banning platform set up shop operators in other competitive platform and participate in other promotion methods such as

competitive platform, restricted platform operators can only deal with Alibaba group, at the same time, in the online retail environment, consumers search and comparison of the cost greatly reduced, it is easier to compare products and prices across different platforms to make the best choice. However, Alibaba reduces the brands and commodities available on other competitive platforms. As consumers have no other choices, their free choice is restricted and the range of brands and commodities accessible to consumers is reduced, thus achieving a bilateral monopoly between merchants and customers. When joining the merchants gradually increased at the same time, the customer has also been gradually increasing, enterprises have the user data to reach a large base, reuse get to huge amounts of data, on the basis of the extended enterprise of the other chain business. Tthe development of chain business will continue to bring more the amount of data, the more data it can have, the more can through these data to optimize their own platform algorithm and technology, competitive advantage will grow faster, enterprises will soon rise, until the related market almost monopoly situation. Therefore, if there is no reasonable data flow, the Internet economy is easy to appear as the "stronger the stronger" monopoly dilemma.

3.2. Industry stagnation and regulatory difficulties under monopoly

China's e-commerce industry, which is developing under the trend of monopoly, may not be as optimistic as expected. One of the consequences is to limit the market competition of online retail platforms in China. It includes the fair competition between the relevant market operators and the potential competition in the relevant market. Although Alibaba in enterprise development, compared with other companies in the early years of the treatment to platform users better, but when there is other competitors relevant market, when the "alternative" policy started inside the platform to perform, this kind of behavior harm the interests of not only within the platform operators and consumers, More makes the operator lost the management autonomy, so that consumers lost the freedom of choice. Blindly suppress competitors, consolidate their own position, will only let the industry development stagnate. The second consequence is to bring difficulties to the industry regulation, monopoly and competition governance problems began to appear. The emergence of new monopolistic behaviors makes it more difficult to identify them [5]. At the same time, the widespread use of the Internet and cloud computing has broken the traditional geographical limitations, so it is more difficult to define the relevant market. The Alibaba case was judged to constitute monopoly in 4 months. However, in the era of digital economy, the Internet industry environment has been changing, so there are still challenges in the identification of the abuse of

dominant market position [4]. In an era of rapidly rising economic influence over society by expanding digital giants, antitrust issues need to be handled more carefully [5]. In the case of regulatory difficulties, perhaps we can draw lessons from the European Union's judgment rules on Google monopoly, and be more flexible in handling [1]. Not only should sales be used as the criterion for market share, but four characteristics of the Internet economy should also be considered, and different markets should be taken into account when analysing compatibility [6].

4. ENLIGHTENMENT OF ALIBABA CASE

4.1. Capital carve-up or market lead

With the momentum of stable and rapid development of China's economy, it is likely that there will be super companies like Microsoft and Google in the future. Therefore, it is more important to handle the relationship between competition and monopoly of Internet enterprises. Alibaba in the event there is no clear enterprise itself the important responsibility in the national development, only through improper means to obtain immediate interests, hopes to find their own Internet companies such as alibaba, in developing their own at the same time, bring more innovative small and medium-sized enterprises, do Internet market leader in the development of positive upward.

4.2. The Sword of Damocles

As for capital, monopoly is an inevitable trend of development and an inevitable way to obtain benefits. Therefore, we should conduct third-party intervention to make Internet companies develop more healthily. There are three principles to be adhered to in the regulation of anti-monopoly. Firstly, it is necessary to be inclusive and prudent in the examination and moderate in the supervision. Although the punishment in the Ali case is a large sum of money, it has been carefully examined when judging the monopolistic behavior, and it has not interfered with the market economy or restricted the future development of its enterprises. Second, openness and transparency, cooperation and win-win: in the process of the review of Ali case, the authorities always adhere to the principle of openness and transparency, and have done so with reasonable evidence. The third is to be flexible, efficient and orderly: when there is a controversial issue, we should deal with multiple references flexibly [5].

In summary, establishing norms for the whole Internet, forming a sense of win-win, strengthening support for Internet innovation and entrepreneurship, promoting legislation, optimizing the legal system and treating different monopoly problems in different categories, are important measures that people can take in the future.

5. CONCLUSION

It is concluded that Alibaba Group fundamentally conducts data monopoly, and this monopolistic behaviour will cause the development of the industry to stagnate. In this monopoly situation, it will also cause some difficulties in the judgment and regulation of monopolistic behaviour. As a result, the giant enterprises in the industry should play a leading role in the development of the industry, and handle the relationship between competition and monopoly well, rather than blindly carve up the market. The third party, the society should supervise the behaviour of enterprises, while the government should constantly improve the corresponding regulation, strengthen the supervision and adhere to certain regulation principles and strategies, so that there are laws to follow, there are laws to abide by, strict enforcement of the law, and violations of the law will be prosecuted. In the future, under the tide of economic system reform, the functions of the government may be changed. The competitive culture of Chinese companies may be better developed.

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