

AliExpress to Join Social-Commerce Joint Venture in Russia

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Alibaba Group on Tuesday announced a joint venture in Russia that will bring together popular Russian e-commerce, social-media and gaming platforms to deliver expanded online services to Russian consumers and give Russian small and medium-sized businesses greater access to both local and international markets.

As part of a new strategic partnership, Russia's most-popular shopping site, Alibaba-owned AliExpress, and Russia's top internet company, Mail.ru Group, will join forces with the aim of creating a one-stop destination for consumers where they can communicate, socialize, shop and play games, all within the same online ecosystem.

The partnership will be backed by sovereign-wealth fund Russian Direct Investment Fund (RDIF) and Russian telecommunications company MegaFon, which owns 10% of Mail.ru Group. Together with Alibaba Group and Mail.ru Group, the parties will inject capital, strategic assets, leadership, resources and expertise into a joint venture that leverages AliExpress' existing businesses in Russia. Alibaba Group President Michael Evans called the joint venture "an exciting step in Alibaba's international expansion." The Chinese e-commerce giant has set a goal of helping 10 million businesses worldwide reach profitability via e-commerce and serve 2 billion consumers globally.

"By partnering with Russia's leading consumer internet platform, AliExpress Russia will help digitize and transform the retail value chain in Russia, enabling a seamless and innovative experience for consumers as well as creating significant opportunities for Russian entrepreneurs and SMEs to grow in their home market and expand globally," Evans said when

announcing the deal at the Eastern Economic Forum in Vladivostok.

"Our experience in China and other markets around the world makes us uniquely qualified to help build the future infrastructure of commerce in Russia and neighboring countries," he said.

Mail.Ru Group CEO Boris Dobrodeev said the companies would focus on developing their existing online properties, as well as integrating them into the online social experience of Russian consumers.

"Most Russian consumers are already our users, and this partnership will enable us to significantly increase the access to various segments of the e-commerce offering, including both cross-border and local merchants," Bobrodeev said. "The combination of our ecosystems allows us to leverage our distribution through our merchant base and goods as well as product integrations."

Mail.Ru Group counts 100 million internet users across its social-media, messaging, email and online-gaming properties, with 90% of all internet users in Russia using at least one of its properties each month. Russia's top email service, the two largest Russian social media sites—VKontakte and Odnoklassniki—and Delivery Club, the largest food-delivery business in the country, are all owned by Mail.ru Group. In addition to

blending social media and e-commerce, the joint venture will work to support Russia's consumption upgrade by delivering a greater selection of high-quality products to the market. For Russian small and medium-sized enterprises, it's a chance to tap a newly connected ecosystem in the domestic market while accessing over 600 million consumers using Alibaba's platforms, including in China, Southeast Asia, Turkey, Europe and India.

The joint venture also plans to participate in the acceleration of Russia's digital economy by leveraging the parties' respective strengths in e-commerce, social and digital media, logistics and the local market, as well as foster long-term technology cooperation and help build the future infrastructure of commerce in Russia and globally, they said. According to the terms of the deal, the new JV-controlled AliExpress Russia will comprise Alibaba's domestic and cross-border operations in the country, including those of AliExpress and Tmall. Alibaba also plans to inject an undisclosed amount of cash into the joint venture.

RDIF will invest new capital into the joint venture and acquire additional shares in the JV from Alibaba Group. MegaFon will sell its 10% stake in Mail.Ru Group to Alibaba in exchange for a stake in the JV, while Mail.Ru

Group will contribute its Pandao e-commerce business, cash and distribution product integrations in exchange for a stake as well. Upon completion of the deal, Alibaba Group will control 48% of AliExpress Russia, MegaFon 24%, Mail.ru 15% and RDIF 13%. The transactions are subject to customary closing conditions and respective corporate approvals to be obtained by the joint venture's partners. The transaction is expected to close in the first quarter of 2019. The current AliExpress launched in Russia to bring a new selection of affordable products to consumers by giving them direct access to the China market. Alibaba later included access to its B2C marketplace Tmall via AliExpress as well.

In addition to e-commerce, Russia has been a vital market for the growth of Alibaba's digital-payments app, Alipay. Since launching last year, Alipay has partnered with brands, such as department stores TSUM and DLT and the Moscow State Transportation System, connecting them to more than 700 million Chinese consumers who use the app in China and while traveling abroad. According to the United Nations World Tourism Organization, Chinese travelers have spent more money overseas than tourists from any other country since 2012.

Source: [Alizila](#)