

Alibaba invests 1.43bn in digital marketer focus media

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Alibaba will pay \$1.43 billion for a 6.62% share of Shanghai-based Focus Media, whose digital advertising screens can be seen on streets, in subways and in elevators across 300 Chinese cities, reaching 200 million middle-class consumers. In addition to those pre-existing shares, Alibaba said it plans to acquire another 5% interest in Focus Media within the next 12 months.

The company also will purchase a 10% stake in an entity controlled by Focus Media founder and Chairman Jason Nanchun Jiang, which controls 23.34% of Focus Media, for \$504.7 million. New Retail Strategic Opportunities Fund L.P., a non-consolidated, related party of Alibaba, will acquire a 1.37% interest in Focus Media as well. The total investment, not including the expected additional 5% purchase, will be \$2.23 billion, giving Alibaba a 10.32% stake.

Alibaba positioned the investment as a part of its larger New Retail strategy. New Retail integrates the best aspects of online and offline commerce to make shopping more engaging and convenient for consumers, while offering enhanced marketing tools and more-detailed consumer analytics to

merchants.

The deal offers synergies with Alimama, Alibaba's largest digital-marketing platform, Alibaba said. By partnering with Focus Media, which has set a medium-term goal of having five million terminals in 500 Chinese cities and reaching 500 million middle-class consumers, Alibaba can offer new digital channels through which the brands selling on its e-commerce platforms can connect with these consumers and their rising spending power.

Already, Alibaba is leveraging its analytics collected from its more than 500 million users to help brands better understand and reach Chinese consumers. Called "Uni Marketing," the use of consumer data allows brands to identify, target, reach and retain their customers across Alibaba's entire ecosystem of e-commerce and media properties. This approach to digital marketing, which offers more advanced and reliable marketing tools to brands than traditional marketing, has always been at the core of New Retail, Alibaba said.

The two companies said they would collaborate on ways to merge offline media and digital marketing, as well as help brands transition to fully digital operations. The upgrade to "New Marketing" will support the growth of New Retail across all sectors, they said.

Source: Alizila.com