

Alibaba Tries To Get in the Game

● The company is working with every player to develop China's sports business

Alibaba Group Holding Ltd., China's e-commerce leader, has been attempting for a few years to multiply sales of sporting goods and related merchandise on its platforms, which totaled about 76 billion yuan (\$11.3 billion) last year. (The U.S. market is more than 10 times that.) The problem is that, for its size, China doesn't have much of a sports industry. So a relatively tiny arm of the company is trying to make one.

Alisports, a 210-person subsidiary funded partly by Chinese telecom Sina Corp. and venture company Yunfeng Capital Co., is tapping its primary parent's troves of data on about 500 million shoppers to organize and broadcast sports competitions and aim products at local markets. It's teamed up with sporting goods companies, as well as national and local sports teams, schools, coaches, and courts, even managing some of the direct-sales businesses itself, a rare step for Alibaba.

"Those data and technology are already there," says Li "Rocky" Feng, Alisports' vice president for marketing. "We don't have to create it on our own."

At a macro level, the data tell Alisports that customers in colder northern China are the best targets for wrestling and archery gear, whereas the south tends more toward swimsuits and badminton rackets. So-called athleisure, such as yoga and jogging gear, often tops the overall sales charts.

Zoom in a little further, and the company's data strengths become more pronounced. When

customers buy tennis rackets or basketballs through Alisports, the site sends them recommendations for local coaches and court times they can reserve online. "We have a better idea of what kind of course they need, what kind of price will be perfect for them," Feng says.

To boost youth participation and fan interest, Alisports is broadcasting amateur competitions on its parent companies' video services, Alibaba's Youku Tudou and Sina's Twitter-esque service, Weibo. The company says it has little data on high school and college athletics or related merchandise interests, but it's working on that. Youku Tudou has begun broadcasting every game between teams in the Chinese University Basketball Association, for example. That's more of a long-term play, Feng says: "We don't really think we can make a lot of economic return."

At the national level, Alisports is setting itself up as the go-to seller of tickets and a leading sports-news service. With that in mind, it's paid to become the title sponsor of World Rugby (\$100 million) and the FIFA Club World Cup (an undisclosed amount). The company has also formed a partnership with the Ladies Professional Golf Association to host an annual tournament in China and with the International Boxing Association to sponsor competitions and internet broadcasts.

Not least, Alisports and other parts of the Alibaba empire are working to develop and customize the Olympic Channel, the International Olympic Committee's digital platform, as part of a deal with the IOC to bring programming to China year-round through 2028. Financial terms haven't been disclosed.

China's disproportionately small sports industry and amateur community reflect decades of limited government support and insufficient disposable incomes, says Zhouxiang Lu, a lecturer at Ireland's Maynooth University who studies Chinese sports policy and practice. The number of gyms and swimming pools in many cities has increased more than tenfold since 2000, but football, baseball, ice hockey, and motor sports remain underrepresented, because they require large investments in playing areas and aren't as profitable as comparable development projects, he says.

In June, Alibaba projected revenue growth of 45 percent to 49 percent for the year ending next March, so Alisports executives can afford to be sanguine about the near term. "We actually don't have any specific number to meet in terms of revenues," says Feng, the marketing VP. Dong "Martin" Wang, vice president for international affairs, says the company is planning more for 5 or 10 years from now. —Joshua D. Bateman

THE BOTTOM LINE Alibaba's tiny sports arm is spending hundreds of millions of dollars to nurture China's interest in sports and related merchandise.