

JD (2019, HBS)

- *Full Name of the Case:* JD: Envisioning the Future of Retail (A and B) by Feng Zhu and Shirley Sun
- *Teaching Note(s) Available?* Yes
- Cases are available through [Harvard Business Publishing](#) (references: 618051-PDF-ENG and 619079-PDF-ENG)

JD.com is a Chinese e-commerce company that was founded in 2004. The A case, which is set in 2017, introduces the firm, one of the largest retailers in the world, and provides some facts about the Chinese retail market (including both the offline and online segments), which is the biggest globally. The B case presents future business model options for JD.

The A case introduces JD's business model, which is anchored on the idea of "boundaryless retail," a concept JD sees as the new reality of retail. It describes the history of JD, which emphasizes a high level of customer service and the sourcing of authentic (i.e., not counterfeit) goods. Importantly, the company also decided to build its own technology-driven logistics capability. These business model choices differ sharply from those of its biggest Chinese rival, Alibaba, which opted for a platform business model that relies to a large extent on third-party logistics providers.

The case presents a nice opportunity for students to compare and contrast the two business models (JD and Alibaba) through the lens of the *What, How, Who* and *Why* framework introduced in **Chapter 1**; we therefore recommend its use with that chapter. (A secondary use scenario could be for **Chapter 2**, because of the emphasis of the case on key capabilities that undergird JD's business model; another use scenario would be for **Chapter 5**, given the discussion of important design drivers for JD, such as the goal to control logistics, or the goal to operate ethically.) The JD case also allows for an interesting comparison with established (Western) retailers and their struggles to embrace digital transformation and the online opportunities it brings with it, as illustrated by the Douglas case, our other recommended case for **Chapter 1**.

Altogether, JD.com offers interesting insights into the breakneck speed of continuous business model innovation by Chinese retailers that were "born in the cloud." More importantly, the case makes the important conceptual point that even though JD and Alibaba (and later Pinduoduo with its market entry in 2015) sell largely the same products, they differentiate from each other through their business models. Competition between these firms is on the basis of their business models, not on the basis of products.

Given the business model moves through which JD's competitors try to catch up rapidly and neutralize JD's advantage (e.g., in logistics and delivery), the A case asks how JD should grow going forward. The shorter B case then presents JD's efforts at continuous

business model innovation, such as its expansion into offline channels, or its “Retail as a Service” (RaaS) model.

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