

Ten things you need to know about businesses in east and southeast Asia

Ian Marcousé provides the basis for good general knowledge about global companies

1 Alibaba

Founded by Jack Ma, Alibaba is the Amazon of Asia. In 2021, its 11-day 'singles day' generated a world record US\$114.4 billion of orders.

Example: Alibaba has three online sites, for B2B (Alibaba), for B2C (TMall) and C2C (Taobao) — the business is a mixture of Amazon and eBay. Its sales revenues in 2022 were about £1 trillion.

Advantage: the Chinese government has been clamping down on the power and influence of business superstars like Jack Ma, but Alibaba's diversified online sales outlets remain successful.

Disadvantage: a government clampdown on influencers has raised questions about whether events such as the 'singles day' will be as successful in future.

2 BYD

BYD has become the world's number one producer and seller of electric vehicles (EVs), out-performing Tesla.

Example: in the first half of 2022, BYD sold 640,748 EVs. Tesla sold 564,873. BYD's EVs were almost all sold in China. From 2023, it plans to start exporting its EVs, boosting its sales potential.

Advantage: BYD has developed a lithium-ion phosphate 'Blade' battery that is lighter than conventional batteries. This makes it possible to produce cost-effective, high-performing small EVs. The world's biggest carmaker, Toyota, has struck a deal with BYD to use these batteries in its own small cars.

Disadvantage: currently, 50% of all EV exports are from China. America and Europe will surely apply import tariffs to EVs from China, including from BYD.

3 ByteDance (TikTok)

With a stock market value of US\$275 billion, this is the world's most successful social media site.

Example: its two main brands, Douyin (China) and TikTok (rest of the world) have more than 2 billion active users. Both in America and the UK, TikTok has become a phenomenon.

Advantage: just as Google's claim to fame was its algorithm (for search), so ByteDance is all about an algorithm for finding clips tailored to each of its 2 billion users.

Disadvantage: such is the West's suspicion of China that a future US president might try to ban TikTok, as Donald Trump tried to do.

4 Evergrande Group

One of the world's biggest property companies, Evergrande has become better known for its debts. These are in the region of US\$300 billion.

Example: Evergrande specialises in residential property for middle-to-upmarket buyers, but also owns theme parks, a football club and has a 45% stake in an EV manufacturer.

Advantage: the fact that Evergrande survived the 2020–22 property slump in China suggests that it was too big to fail. The Chinese government intervened.

Disadvantage: every business that has become weighed down by debt struggles to overcome this legacy. It will be paying the bills for decades to come.

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5 Foxconn

This Taiwanese company manufactures iPhones and iPads for Apple, mainly in China. It is China's biggest employer, with nearly 1.4 million employees.

Example: Foxconn operates vast factories, with on-site dormitories for employees. The business produces high proportions of the world's computer games consoles, as it produces for Microsoft, Nintendo and Sony.

Advantage: its colossal size gives it huge economies of scale. These include political influence, demonstrated in Foxconn's easy path into opening factories in India.

Disadvantage: the scale is so huge that Foxconn often finds itself criticised for poor working conditions, for example, inhumane factory conditions with employees having to sleep at work.

6 Nintendo

A hundred years ago, Nintendo made playing cards. In the 1970s, they experimented with computer games. This switch was one of the world's great diversifications.

Example: with consoles such as the Switch and its range of in-house software, Nintendo has positioned itself away from its apparent rivals Xbox and the Sony PlayStation5.

Advantage: in 2021, Nintendo's market position gave it US\$5 billion of pre-tax profit from US\$13.7 billion of sales — an impressive profit margin of 36.5%.

Disadvantage: Nintendo has made mistakes with its hardware developments in the past. It soon found that software sales rely 100% on the hardware.

7 Shein

While the data is yet to be published, it is predicted that Shein's monthly sales in 2022 overtook those of Inditex (Zara), making it the world's biggest clothes retailer. It achieves huge sales without selling in the world's biggest market for clothes, China.

Example: Shein's website shows dresses priced between £5.99 and £14.99 — generally below Zara's prices.

Advantage: Shein, like TikTok, has a great underlying algorithm. It quickly assesses the sales of new product lines and places extra orders, responding quickly to changing order levels.

Disadvantage: Shein manufactures in China, while Zara's products are produced in Spain and Portugal. Therefore, Zara should be able to react to fashion changes in 3 weeks or so, faster than Shein.

8 Tencent

Tencent owns one of the world's greatest software devices, WeChat. It combines instant messaging, social media, video games and mobile payments, and has over 1 billion active users.

Example: in China, WeChat is very popular with young people. Although it's banned in India, it is used widely in Asia, including in Thailand and Vietnam.

Advantage: customer usage is exceptionally high, with an average of 5 hours per day.

Disadvantage: US and Indian governments worry that it gives too much personal information to the Chinese owner, and perhaps from there to the Chinese government.

9 Toyota

This Japanese carmaker is the world's biggest. In 2022, its sales globally were around 10 million — a million more than VW.

Example: best known for its hybrid petrol–electric engines, Toyota should also be known for its production system, which introduced the concept of lean production to the world.

Advantage: to a customer, buying a Toyota is the safe choice, as its cars regularly top the charts for reliability.

Disadvantage: the company held out against electric cars, urging governments to stick with hybrid vehicles. Now Toyota is having to play catch-up, with Chinese producers such as BYD having a huge head-start with EV production.

10 TSMC

This Taiwanese business is the world's largest manufacturer of semi-conductors — the microchips needed to make electronic devices work.

Example: TSMC's global market share is about 50%. The USA and many other countries are keen to have TSMC factories on their own soil.

Advantage: TSMC's expertise means it can produce large quantities of high-tech microchips at relatively low cost. It benefits from massive economies of scale.

Disadvantage: the USA is trying to cut semi-conductor supplies to China — but Taiwan is only 100 miles from the Chinese coastline. China may decide TSMC is too important to ignore (militarily).

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