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E13 Understanding Business Models: What Theories Can't Teach You

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In the last episode, we introduced 7 typical competitive advantages. If theoretical concepts aren't understood or applied properly, they easily become armchair strategies.

Investors need to grasp the essence of business models through the practical analysis of individual companies; otherwise, they can never make judgments with certainty.

This episode is packed with practical insights. Alice and I used several companies and industries as examples to discuss how to conduct real-world analysis of business models. Interesting topics covered include:

- Are e-commerce business models actually good? Who will win?
- What does the ultimate retail business model look like?
- Is saying LV has a "premium" an inherent bias in itself?
- Are LV, Moutai, Apple, Pop Mart, and Mixue essentially the same?
- What is the ultimate brand business?
- How will SaaS software be disrupted by AI?
- Does Apple still have a top-tier business model without its own large AI models?

Our practical analysis represents just one perspective, but we hope it brings you some new insights. Enjoy~



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Introduction: Moats from Theory to Practice

Patrick: Hello everyone, welcome back to *Slow is fast*. I'm Patrick. Today, we've invited our old friend Alice back to chat about moats and business analysis. Alice is currently in the UK, so we're recording this remotely. Alice, say hi to everyone.

Alice: Hi everyone, I'm Alice. I'm thrilled to be a guest on Patrick's podcast again and really looking forward to our discussion today.

Patrick: The main reason we're doing this dialogue today is to follow up on our previous episode about moats. That episode laid the theoretical foundation, discussing seven competitive advantages that are usually summarized *after* a company has already succeeded. If we use this rigid framework to analyze specific companies in the real world, it easily turns into an armchair exercise, right? You just list the seven advantages and check boxes—Company A has three, Company B has five. This approach doesn't actually help us analyze a company thoroughly. So, this episode is about putting that theory into practice. Alice, after listening to the last episode, what were your initial thoughts? Let's hear your feedback first.

Alice: Sure. First, I want to say I really loved the last topic. Competitive advantages relate directly to a company's moat, which is what value investors care about the most. And I think you covered those seven areas very comprehensively. I've read books and taken courses on competitive advantages before. But I've always had a bit of confusion: if we just list these seven advantages and map companies to them, it seems a bit too easy because those companies are already successful. You look at them and think, "Oh, this company has this advantage, and that one too."

Patrick: It turns into a fill-in-the-blank or labeling exercise...

Alice: Exactly. But from an investment perspective, when I look at a company, what is its most essential competitive advantage? Or, what are its one or two core advantages, and are they sustainable in the long run? Can competitors easily copy them? Are these advantages highly relevant to their specific industry, since certain industries require you to lead in specific competitive factors? I still have many questions and uncertainties about this. So, I'm really looking forward to today's discussion where we can look at specific companies.

Topic 1: TikTok E-commerce and the Essence of Retail

Patrick: Exactly, this is the most fascinating part of understanding companies, right? You might know theories—like network effects or resource capture—but these are just terms; they aren't the essence of business or commerce. As I mentioned at the end of the last episode, analyzing a company's business model and moat eventually requires returning to its core essence. Theory is quite far from the essence. We need to discuss specific companies in practice to get closer to what really matters. So today, we've picked a few "targets"—several companies to analyze. We want to simulate the discussions that happen during investment analysis and decision-making, making the whole process more concrete. Let's start with our

first name: TikTok E-commerce. We chose this because e-commerce is a sector we're all familiar with in daily life, and TikTok E-commerce is a sudden, rising power. We can start here. Alice, do you have any direct experience or thoughts on TikTok E-commerce?

Alice: To be honest, I don't have a deep understanding of e-commerce, but I'll share my surface-level impressions. I think a core difference between TikTok E-commerce and traditional e-commerce is that the latter is mostly "people looking for goods." If I want to buy something, I search on Taobao or Amazon. But because TikTok is built on a short-video platform, it uses algorithms to target users precisely, even providing emotional value. Users receive dopamine hits that translate into purchases—this is "goods looking for people." Of course, once this "goods looking for people" model is established, I believe they want to mature their e-commerce business into a dual cycle that also includes "people looking for goods." That's one thought. My second point is about the network effect you mentioned last time. TikTok as a social platform obviously has a multi-sided network effect—the more users, the stronger the flywheel. But its e-commerce business relies on a two-sided network effect, and the merchants on it are still competing with each other. This seems similar to traditional e-commerce platforms we know well. So I'm quite confused: TikTok has a natural user base, strong traffic conversion, low acquisition costs, and great algorithms; but once its e-commerce business matures, what is its core advantage compared to JD.com, Taobao, or Pinduoduo? How does it differentiate itself in the long run? I can't see this clearly yet.

Patrick: Right, TikTok E-commerce is a great example. First, it's not a public company; it's part of ByteDance, so we can't buy its stock right now. Naturally, our discussion today isn't investment advice—we're just exchanging views on business analysis. My way of looking at companies is just one perspective; everyone has different angles, and we'll see whose perspective gets closer to the truth. Business is incredibly complex—there are users, marketing, products, operations, plus financial statements, margins, profits, and so on. So I think the key to analyzing any company is finding its essence—getting down to first principles, whether mathematical or psychological, at an undeniable level. Only then can you say your understanding is clear and grounded. I've been looking at the e-commerce industry for a long time, and I'm slowly getting a feel for it, though I wouldn't claim to understand it perfectly. Here's my take: no matter how TikTok E-commerce evolves, it is fundamentally e-commerce, and e-commerce is fundamentally retail. We distinguish retail from manufacturing because retail is essentially a channel. Manufacturers make products and reach end consumers through retail channels. While some brands build their own stores, most products flow through retail channels. And what is the essence of retail? I believe it's *matching* and *fulfillment*. Why? Because as a channel, retail exists to reduce transaction costs. Between production and reaching the consumer, there are costs to find customers, like marketing and advertising, and channel costs to deliver the product. Therefore, the entire supply chain demands that channel transaction costs be as low as possible—meaning the highest possible efficiency in matching and fulfillment. The retail channel with the least friction will always be favored by manufacturers. One aspect is matching, the other is fulfillment. What is matching? It's getting the right product into the hands of the right customer. When we were kids, the main retail channels were department stores and supermarkets, where matching relied on sales clerks. E-commerce, however, achieves matching through algorithms. It has evolved from early search-based matching ("people looking for goods" on Taobao) to the current recommendation-based matching ("goods looking for people," like Taobao's personalized feeds, or Pinduoduo and TikTok's algorithms). The platform collects your clicks and recommends what it thinks you need, matching the goods to your desires. You might not open Taobao or Pinduoduo with a specific

goal; you just browse, realize "Oh, I need this," and buy it. This is the effect of goods looking for people. So, how well a platform executes matching is critical. In the past, this depended on foot traffic and a salesperson's matching skills. Back then, goods were scarce, so it was a seller's market and the value of matching wasn't as high. Today, products are incredibly abundant, and consumers are overwhelmed with choices, making matching exceptionally important. Indeed, in the Internet e-commerce era, matching has become the core. Then there's fulfillment. Once a transaction is completed, the goods must be delivered to the consumer, not to mention handling returns—all within the e-commerce ecosystem. Fulfillment efficiency dictates the platform's overall efficiency. So, e-commerce is retail, and retail is about matching and fulfillment efficiency. E-commerce platforms compete with offline supermarkets on algorithm matching and fulfillment speed; they also compete with each other on these same fronts, which answers your question about how TikTok competes with others. They have to work hard on matching and fulfillment. We'll look at their differentiation later. Returning to the e-commerce business model itself: is it a good model? First, it absolutely reduces friction in product circulation, optimizing matching and fulfillment to minimize transaction costs. Essentially, it's an online traffic supermarket. Offline supermarkets rely on foot traffic; similarly, online supermarkets depend on how many people browse and shop there, which determines product exposure. Traffic is crucial. In retail, nothing is more important than "location"—you must be where the people are. For e-commerce, the foundational "product" is matching and fulfillment. Only when these are excellent will merchants want to sell, users want to buy, and traffic start rolling in. They are mutually causative. The e-commerce business model is actually very simple: it takes a commission from the gross margin of goods. If you excel at matching and fulfillment and help merchants sell more, you earn more commission. Today's marketing and advertising services are basically the same—merchants pay marketing fees because you have the traffic to help them sell. Regardless, it's all about extracting a commission from the product's margin. So, is it a good business model? I think it is. Its strength lies in a two-sided network effect: more buyers attract more sellers, and vice versa, creating massive scale. Plus, online platforms don't have physical land rent. For an offline business, like a restaurant or supermarket, the heaviest cost is often rent or land acquisition. Moving the business online eliminates physical land rent; instead, merchants now pay rent to the e-commerce platforms. Ultimately, the commissions collected by e-commerce platforms are essentially online land rent. The business model earns money from digital real estate. This is a great business model because it can scale infinitely, as evidenced by the trillion-dollar valuations of major platforms today. However, I don't consider it a "top-tier" business model. Because to excel in matching and fulfillment, you are constantly competing on efficiency. And competing on efficiency is an exhausting business. You have to do the dirty, heavy lifting, constantly optimizing every tiny detail. Only by pushing efficiency to its absolute limit can the e-commerce platform increase its own margin space. It's not a comfortable, easy-money business; it's a grueling grind under immense pressure to maximize efficiency constantly. It's nowhere near the ease of a business like Moutai, which we can discuss later. From a competitive standpoint, it's also impossible to achieve a winner-takes-all monopoly. Taobao once boasted that competitors couldn't even be seen with a telescope. But they misjudged the nature of e-commerce—it doesn't have an absolute moat. As we discussed last episode, it suffers from a same-side repulsion effect, and the business chain is long, meaning competitors can always find ways to rise through differentiated competition. For example, Pinduoduo rose by leveraging WeChat's social traffic; TikTok E-commerce rose by tapping into "interest e-commerce," where people consume content and buy something in passing, later adding shelf-based e-commerce. So winner-takes-all rarely exists. As the market grows, new e-commerce formats will emerge. The competition comes down to vertical

differentiation and underlying matching and fulfillment efficiency. Therefore, the essence of e-commerce is: first, it is retail, centered on matching and fulfillment; second, its underlying logic for making money is collecting online land rent.

Alice: I think your explanation is fantastic, Patrick; it hits right at the essence. First, it's retail. The reason this is a good business is that unlike traditional offline retail, which charges rent but also bears massive real estate costs, online platforms escape physical limits. They are virtually infinitely expandable plots of land.

Patrick: Or rather, it's not that they have no costs; the manifestation of costs has changed. In the past, offline land rent went to real estate developers, who paid local governments. So a huge chunk of offline business revenue went to the government. Online, the government can't collect this rent directly, so e-commerce platforms step in to collect it. Collecting rent is undoubtedly a fantastic business. Historically, only governments or massive developers could do it; now, platforms do it online, making it an exceptional business model.

Alice: Excellent point. To simplify: matching means helping buyers find sellers and vice versa; fulfillment means ensuring the customer is happy with the purchase, which tests operational efficiency. But I still have a question: I understand that e-commerce ultimately relies on customers. It seems your online land is only valuable if you have customers. Without them, your infinitely expandable land is worthless because you can't sell anything. And human attention is finite—there are only 24 hours in a day. We talk about the attention economy; if people's attention is heavily monopolized by short-video platforms like TikTok or Instagram, could we say they naturally cannibalize user attention, giving their derived e-commerce businesses more stickiness and value than pure e-commerce platforms? Because as you mentioned, the underlying barriers aren't that high, supply chains in China are very similar, and merchants generally open stores across all platforms. So the final battle seems to be about who can capture customers and keep them on the platform the longest, making them willing to buy. Of course, this also relates to fulfillment efficiency—fast logistics, cheap prices, basically, variety, speed, quality, and savings. Looking at it this way, who do you think will truly survive in 10 or 20 years among TikTok, Pinduoduo, Alibaba, and JD?

Topic 2: E-commerce Platform Differentiation and Costco's Flywheel Model

Patrick: That's a great question. A decade ago, the "traffic logic" absolutely dominated the internet economy—whoever owned the traffic owned everything, regardless of what they did. To some extent, it's still a crucial logic today: whoever has traffic has negotiating power. Just like offline, merchants want to open stores where foot traffic is highest. You need sufficient exposure to sell; if you're hidden in a corner with no exposure, conversion is out of the question. The old traffic logic was a funnel of layered filtering, focusing solely on pouring traffic into the top. But what changed this landscape and made people realize traffic is no longer the sole dominating logic? In e-commerce, people first felt this shift with the rise of Pinduoduo. At the time, looking at overall traffic, the market was absolutely monopolized by Alibaba and JD.com. How could Pinduoduo, starting from scratch, compete against giants with 500-600 million monthly active users? Yet, Pinduoduo managed to break through. You could say it leveraged Tencent's WeChat social traffic for viral growth, but why didn't anyone else replicate that strategy and win? Traffic is important, but as we discussed, traffic and underlying efficiency are mutually causative. Imagine if TikTok E-commerce had massive traffic today but terrible matching and fulfillment—poor product quality, delayed or lost

packages. You definitely wouldn't buy things on TikTok. No matter how much traffic you have, e-commerce is fundamentally retail, and you must nail matching and fulfillment. If you fail at these baseline experiences, you can't retain traffic long-term. You can only genuinely accumulate and solidify traffic when matching and fulfillment are excellent. People have gradually realized that the "traffic mindset" has peaked. The crude era of treating consumers purely as "traffic headcounts" is over. Platforms are starting to see the real human beings behind the traffic and focus on their genuine needs. This led to the current landscape of differentiated, misaligned competition, focusing on specific user experiences. This brings us to your point about e-commerce differentiation—how do you differentiate your value proposition? A consumer's fundamental demands for e-commerce are variety, speed, quality, and savings. With the rise of TikTok, we can add "emotional value" or thrill.

Alice: The thrill of browsing.

Patrick: Exactly. So "variety, speed, quality, savings, and thrill" make up the basic value propositions of modern e-commerce. Look at the top platforms today; they all occupy an excellent differentiated position in one or more of these dimensions, firmly capturing consumer mindshare. For example, Alibaba still dominates the mindshare for "variety." The all-powerful Taobao—you can always find the most obscure items there. The mindshare for "speed" is still firmly held by JD.com. "Quality" is associated with Tmall and certain top-tier direct-sales channels. "Savings" is absolutely synonymous with Pinduoduo. And the emotional value of "thrill" is currently centered on TikTok. Users' eyeballs and short-video attention are all there. TikTok's differentiation started with "interest e-commerce." People buy things on a whim because an item costs ten bucks—if it's not good, whatever. Once this interest e-commerce took off, TikTok had to build a massive fulfillment infrastructure for the entire ecosystem, figuring out courier assignments and return processes, which was dirty work TikTok hadn't done before. After streamlining this underlying system, they realized that since interest e-commerce worked, launching shelf-based e-commerce was the logical next step. So now they have a TikTok Mall in their main tab. Users can go in and search for daily necessities like paper towels just like on Taobao, without needing to jump through short videos or livestreams. With the infrastructure in place, they now have the capability to compete head-on with existing platforms in the shelf-based e-commerce arena.

Alice: Following up on that, I have two questions. First, regarding "variety, speed, quality, savings, and thrill," do you think there's a ranking or hierarchy of superiority? Is one moat higher than the others? Second, do you think Amazon overseas counts as "variety" and "speed"?

Patrick: Excellent questions. Is there a hierarchy among them? I don't think there is an intrinsic superiority; it completely depends on your target audience. Consumers are stratified into middle class, wealthy, and mass-market demographics, and they weight these five dimensions very differently. The middle class prefers Sam's Club or Costco for a reason: they value their time, so they want the platform to pre-select high-quality items they can buy with their eyes closed. However, Pinduoduo still serves a massive lower-tier market where people just want to buy a cheap pack of tissues for one dollar. So it's dictated by consumer stratification, but also by the nature of the product category. For some items, people only care about pure functional value. If you're buying a plastic washbasin or house slippers, why pay a brand premium? You just buy the cheapest one. The ideal channel for these items is Pinduoduo. People later discovered that Pinduoduo isn't just for those outside the 5th Ring Road in lower-tier markets; high-net-worth individuals inside the 5th Ring Road use it too.

Because for purely functional goods, everyone pursues ultimate cost-effectiveness. This doesn't contradict a middle-class consumer buying cheap daily goods on Pinduoduo and shopping for food at Sam's Club on the weekend. TikTok, meanwhile, is perfect for "novel and quirky" products. I remember my mom buying something on TikTok that looked like a little top or spinning dart; you put it in a bowl of water and it supposedly cleans fruit through vibration. I was shocked and asked how much it was—over 200 RMB. Where did she buy it? TikTok E-commerce. These are typical novel items that are hard to proactively search for on traditional shelves, but fit perfectly on TikTok. A short video with flashy lights and cool effects makes you think, "I never knew I needed a gadget to wash fruit, but this looks cool," and you buy it impulsively. Therefore, every e-commerce giant has its own specific user base and category defensive lines; you can't really declare an absolute winner. That's why e-commerce is incredibly hard to monopolize fully. New players will always emerge from fresh angles, targeting new demographics or categories to pull off a reversal. A single monopoly is highly unlikely.

Alice: I just realized that as users, we act exactly like this. We have all the e-commerce apps installed on our phones, and we flexibly choose between them depending on the goods, budget, and scenario. So the user bases of these platforms heavily overlap; no one has completely eradicated the others.

Patrick: Right. For instance, if you strictly need authentic goods and need them delivered tomorrow or immediately, you used to choose JD.com. Now you might just use Meituan Flash Delivery, right? Why is the competition in instant retail so brutal right now? Because everyone realized that within the "speed" mindshare, there's a huge category of emergency scenarios where users demand ultimate delivery speed. As long as there is a pain point, someone will find an opportunity to cut in. As for Amazon, the competitive environment in China and overseas is vastly different, which led to Amazon dominating long-term. Its only real competitor used to be the Shopify independent store ecosystem. Things might be slightly better now because hyper-competitive Chinese e-commerce companies like Temu and Shein have expanded overseas, bringing some competitive pressure. But in the minds of Western consumers, Amazon basically covers "variety, speed, quality, and savings" all at once. Because it developed over a long period without extreme competitive pressure, its fulfillment network is completely different from China's. China's urbanization features highly dense populations, perfect for highly efficient courier delivery. In contrast, most Americans live in sprawling suburbs, making last-mile delivery incredibly costly and difficult. So when cross-border platforms like Temu entered the US, they found that China's cheap courier model simply didn't work there. Ultimately, they often have to rely on Amazon's massive warehousing and logistics network for fulfillment. Amazon has dug an incredibly deep moat around its asset-heavy fulfillment network; it has invested heavily in assets, making this fortress very difficult to breach in the short term. Thus, the e-commerce landscapes in China and abroad evolved differently based on geography, infrastructure, and market conditions. We used TikTok E-commerce to understand the essence of retail. Actually, retail has many other sub-models. Take Walmart or JD.com's direct sales—this is when channels start selling their own goods. It is very common in the industry for retailers to sell their own products once they scale. JD.com started with a heavy first-party model, advancing capital to purchase goods, holding inventory, and selling it themselves. Didn't Pinduoduo recently announce new first-party initiatives? This is also a move toward deep inventory control.

Alice: So what do you think is the biggest driving force for these major channels to push their own first-party products so hard?

Patrick: Traditionally, retail doesn't manufacture goods; it acts purely as a circulation channel to help others sell. But as channels grow powerful, they introduce their own OEM products to sell through their dominant channels. Why? This reflects the eternal covert war over "consumer mindshare ownership" between product manufacturers and channels within a supply chain. Where does consumer trust lie? In the past, it was entirely with the brand—buy liquor, trust Moutai; buy nuts, trust Three Squirrels. But as retail channels grew massive, platforms like Taobao, Pinduoduo, and JD built their own mindshare. For example, with Pinduoduo's 10-Billion-Yuan Subsidy program, I know that items there are guaranteed to be the cheapest online and of good quality. If Pinduoduo suddenly launched a channel-customized "New Pin-Mart" brand of nuts, would you buy it? Probably. Because you trust the subsidy channel for quality and "savings," and that trust spills over to their first-party products. Ultimately, consumers just want to buy reliable goods in the most hassle-free, cost-effective way. If you guarantee that, and my mindshare lies with the channel, I'll buy the channel's first-party products. If I don't trust the channel yet, I'll keep paying a premium for brand-name goods. When a channel grows large enough to command absolute consumer trust, launching first-party products to capture upstream profits is a natural progression. Brands and channels will forever battle over profit distribution and mindshare ownership.

Alice: You could say that brand profit margins were originally extremely lucrative. For a channel with idle capital, the choice is: do I invest in others making brands, build my own brand, or use the money to keep expanding the channel? Doing a first-party brand is clearly to eat up that richer upstream gross margin.

Patrick: Exactly. To a brand, the channel is just a circulation cost, and they want the channel's commission to be as low as possible. But if you are a powerful e-commerce channel creating your own first-party goods, you devour the entire gross margin from factory output to final retail price. Even if the product is just OEM-produced, the high margin stays with you. Plus, using your own core traffic to push your own goods effectively eliminates expensive channel marketing fees. So, selling a pack of Pinduoduo's first-party nuts yields a vastly higher comprehensive profit margin than the meager commission from selling Three Squirrels. It's not just about making more money; it also significantly enriches and stabilizes the absolute low-price supply moat within their subsidy channel. Therefore, once a channel scales to a certain point, it will inevitably reap the dividends of first-party brands. And the supreme example of executing this underlying logic perfectly for humanity might be Costco. I believe Costco is the absolute top-tier business model in the entire retail ecosystem. Looking at it through our theoretical competitive advantages, Costco layers multiple halos: it has incredibly strong scale effects and supply chain efficiency, a highly streamlined SKU count, and warehouse-style displays that compress operational costs to the bare minimum. It has a powerfully differentiated membership system. Meanwhile, Costco's own brand, Kirkland, is an immensely strong symbol of trust, representing high cost-effectiveness, blind-buy reliability, and peace of mind. It has become a powerful brand totem in the minds of middle-class consumers. Financially, Costco is virtually flawless. Top-tier business models inevitably exhibit a "thick snow, long hill" characteristic in their financials. "Thick snow" means it boasts exceptionally high return on capital—it's highly profitable. "Long hill" means its reinvestment rate is extremely high; the massive cash it earns can continuously fund global store expansion, gas stations, pharmacies, and other new projects, all while maintaining high returns. Unlike some businesses that make money today but face saturated markets with nowhere to reinvest, forcing them to pay out everything as dividends. So from a results-oriented view, Costco is undeniably an impeccable, top-tier business model. However, I feel

these analyses haven't fully touched the soulful essence of Costco's model. Earlier, I said traditional e-commerce is a good model but not top-tier because it's exhausting and constantly fights for efficiency. Costco reached legendary status because its foundational business model design is a massive disruption: it completely abandoned the traditional channel logic of earning product markups and traffic land rent. It intentionally caps its product gross margin at a strictly restrained, single-digit level. It tells the world: I don't make money off product markups; my sole profit comes from the \$60 annual membership fee. This disruptive design completely alters its commercial positioning. It is no longer a matchmaking channel stuck between merchants and consumers trying to balance both; it transforms directly into the "exclusive chief buyer for the consumer." I represent only the consumer, never the merchant. Its sole mission is to scour the globe to curate the highest quality, most affordable products for its middle-class members, and then place them on shelves at near-cost prices, letting consumers buy blindly and happily. Once this absolute mission is established, its business actions become incredibly pure and simple: consolidate the massive purchasing power of tens of millions of middle-class members, put extreme pressure on the upstream supply chain to push base prices to the absolute limit, and then let members drive away happily with the goods. The core value it provides consumers is, first, trust value. Consumers get an incredibly hassle-free, efficient experience at Costco. I trust that the products here are absolutely the lowest price and best quality in their category. I don't need to waste energy comparing prices; I can just buy blindly. This extreme trust is the lifeline of its moat. If that trust is compromised, the foundation of its membership system would suffer a devastating blow. Second, and this is the core engine of its flywheel: it takes all the cost dividends generated by scale effects and efficiency optimization and returns them completely to the consumer, rather than keeping them as corporate profit.

Alice: Completely surrendering profits to the customer.

Patrick: Yes! It surrenders all the fruits of scale to the customer, instantly creating a perpetual-motion growth flywheel at its base. If you are a traditional company relying on product margin markups, you will inevitably try to raise prices and extract higher margins, which often harms consumer interests and hits a physical ceiling. Costco does the exact opposite, saying I simply don't want this gross margin. Every cent saved through operational optimization translates directly into lower retail prices for members. When consumers realize items here are perpetually the cheapest and best value in the market, they become fiercely loyal, attracting even more people to buy memberships. The larger the membership base, the more net profit Costco earns from membership fees; simultaneously, the massive purchasing volume grants them terrifying pricing dominance over supply chains, driving cost prices even lower to feed back to consumers. This forms a perfect, closed-loop perpetual motion machine.

Alice: And it's highly sustainable.

Patrick: It perfectly resolves the issue of "sustainability" in competitive advantages. If you merely compete on single-point scale effects or supply chain efficiency, you will eventually hit an internal friction ceiling. But Costco's values-driven flywheel—rejecting gross margin and deeply binding its interests with consumers—has no ceiling and can roll on indefinitely across economic cycles. Therefore, I believe Costco is the truly unrivaled, top-tier business model in the entire retail landscape. This is why so many domestic e-commerce giants constantly preach, "We must learn from Costco." After analyzing Costco, looking back at traditional retail and e-commerce fighting bloodily over marginal efficiency and gross

margin, you realize it truly is a bitter business. Because for consumers, purely functional products should always be as cheap as possible; there's no reason to pay a high premium for identical standard goods.

Topic 3: Luxury Brands and the Sociological Psychology Behind High Premiums

Patrick: But if we shift our perspective upstream to product manufacturers, you'll find that the brand business and the retail channel business have diametrically opposed foundational beliefs. Brand is a business purely pursuing high premiums. Beyond fulfilling basic functions, high-end brands strive for "the more expensive, the better." Retail, however, strives for "the cheaper, the better" for the exact same item. The underlying pursuits of these two types of companies are completely opposite. We absolutely cannot analyze Moutai and Pinduoduo in the same dimension or confuse the two. Of course, there are brands that pursue ultimate low prices and cost-effectiveness, like Mixue Ice Cream today, or Xiaomi in its early days. But looking back over centuries of business history, if a physical brand perpetually engages in a race-to-the-bottom price war, it rarely builds a good moat. We can transition to our next case—we've talked a lot about retail. Let's discuss a highly representative high-end brand. Alice, is there anything specific you want to chat about?

Alice: The top choice for women—let's talk about LV!

Patrick: Great, let's talk about LV. LV is undoubtedly the ceiling of the luxury world. Commercially, it operates on the same underlying logic as Moutai, Apple, and Pop Mart—they are all brands that manufacture products to capture consumer mindshare, which is entirely different from efficiency-driven retail e-commerce. Let me ask you first: as a consumer, what do you intuitively feel is the underlying essence of LV's business? What are they really selling?

Alice: I can only speak from a consumer's subjective perception. First, the physical quality of their leather goods and products is genuinely good, but there's undeniably a massively exaggerated premium. I think when people consume LV, they are essentially buying a sense of class belonging or social identity, attaching a high-net-worth label to themselves; it provides immense emotional value. And I feel that in its daily operations, the brand goes to extraordinary lengths to constantly reinforce this high-end aura in the public eye. You always see LV deeply tied to the top celebrities, art masters, sports superstars, and successful figures of every era. I think this is essentially artificially drawing social class boundaries, using this lofty tone to precisely attract its target customers. Even if the older customers who bought LV 20 or 30 years ago age out and stop buying, its irreplaceable luxury aura continuously draws in wave after wave of rising middle class and young new money willing to pay for it.

Patrick: Very insightful. Actually, for any product brand, whether it's LV or Three Squirrels, the underlying business path is largely the same: make the best product to differentially satisfy the specific needs of a certain group of users, and ultimately form an indestructible mindshare occupation in consumers' heads. Because only when this final mindshare occupation is achieved can it earn the so-called excessive "premium." But I feel the word "premium" often carries a certain bias in business analysis. If you view the LV you just mentioned merely as a canvas and leather bag for holding things, then selling it for tens of thousands of yuan is of course a ludicrously exaggerated premium. But that defines the product's value far too narrowly and simplistically. As we discussed before, a product's complete and true value is composed of a complex formula: Functional Value + Emotional

Value + Asset Value + Spiritual Value. If you stubbornly fixate only on the baseline "functional value of holding things," you'll naturally view its expensive emotional value and scarce asset preservation attributes as an "idiot tax." But in essence, the moment a consumer swipes their card for tens of thousands of yuan to buy an LV bag, she is simultaneously purchasing all of the above composite values. She buys a durable leather bag, but she also buys the unparalleled "emotional thrill" of generously rewarding her own hard work. She also buys a hard currency "asset value" that boasts an extremely high retention rate in second-hand stores, where limited editions can even appreciate in value. Most importantly, as you just mentioned, she buys a visual symbol that can most efficiently and silently signal her social class and financial power to those around her. Maslow's hierarchy of needs told us long ago that once humans satisfy baseline needs for food and clothing, they will frantically pursue social status and class recognition. In this complex modern society, what could more simply, directly, and effectively broadcast the social signal that you belong to a high class than a massive LV monogram logo? Since it perfectly satisfies this rigid demand—one deeply rooted in human biology and sociology—the tens of thousands of yuan spent are absolutely worth it for the target demographic. So, if we want to touch the commercial essence of luxury goods, we must ask: why do people buy luxury goods? The answer is to elegantly and prominently display their social status. This need is deeply rooted in human vanity and class identity, making its foundation incredibly stable. Conversely, if you only satisfy a short-lived fast-fashion trend, your business model lacks stability because trends change every few years. Luxury goods are a vast topic, and we won't expand too much here. But one fascinating thing about luxury is...

Alice: Let me ask one more question. Regarding brands, could we say that when evaluating whether a company has a brand advantage, we must look at how long its history is? Because as you said, even if a brand is incredibly popular within a 10-year span, I probably shouldn't default to viewing its brand as a competitive advantage because the timeline is too short. Is that fair to say?

Patrick: Let's refer back to our last episode on competitive advantages, right? Anyone can claim a competitive advantage, but the crucial question is: is this competitive advantage sustainable? The key to sustainability lies in differentially fulfilling user needs. The point I was trying to make is: which fundamental human need are you actually satisfying? Only when you tap into fundamental human needs can your ability to fulfill those needs be considered stable and sustainable. Why emphasize history? Because LV's history is its differentiation. Imagine a new brand declaring, "I'm going to create a luxury brand." There are Chinese companies attempting this right now, aiming to build a Chinese luxury brand. But selling something at a high price doesn't make it a luxury item. If you want to signal your social status, you can't just slap a random logo on something and expect it to work. LV is able to signal this status precisely because historically, LV was used by French royalty. If I use it today, it brings me closer to them. So without that history, it's hard to claim you have an unassailable moat. Hermès has this history; Ferrari has this history. These are powerful moats accumulated over a long period by the brand. Because this differentiated moat has already entered people's mindshare. So when you mention "LV French old money style," it has already become a societal consensus. As a new entrant brand, breaking that consensus is incredibly difficult. Therefore, we can say it has built a certain moat.

Alice: Yes, luxury goods.

Patrick: This is actually very fascinating and worth deeper study. Because it is a rare anti-scale-effect, limited-edition model—the less you sell, the better. Why? Because once an item is ubiquitous, I can no longer use it to demonstrate my social status. So luxury goods sell "desirability"—only a few can obtain it, but many know about it, right?

Alice: Like Ferrari cars, right? That's a great summary.

Patrick: Yes, everyone knows about it, but only a few get it. Why only let a few get it? Why not sell more cars so more people can get them, wouldn't that make more money? But once there are too many, the desirability drops, and the brand is damaged. So luxury is an incredibly anti-scale, fascinating business domain. But if we return to a brand company broadly—it's the same for Moutai, Apple, Pop Mart, right? They all involve making products, creating the best things, satisfying customer needs, and building mindshare. They all share the same logic and goals. Among brands, there are the absolute top-tier business models. I think brands like Hermès, Ferrari, and the ones we've discussed before like See's Candies, Moutai, and Apple, belong to that ultimate top tier. Why do I consider them top-tier? Because their mindshare is already overwhelmingly strong; they pursue this mindshare, resulting in an extremely high "mind share." Earlier we discussed product value: Functional Value, Emotional Value, Asset Value. The higher level beyond that is called "Spiritual Value." What is spiritual value? It means that once I buy this product, I feel a sense of belonging. I belong to a tribe, to the point where some people are willing to tattoo the company's logo on their bodies. When we discussed See's Candies, buying See's Candies equals loving the most beautiful things in life—it has become synonymous with the brand. On this level, it's also a perpetual motion machine. Why? Because reinforcing user mindshare is a never-ending journey. In operating your brand, you can do countless things, always pursuing higher mind share, rather than just market share.

Alice: I can understand that.

Patrick: Right. So the top tier of brand companies, I believe, are those whose mindshare has reached the level of spiritual value and spiritual totems.

Alice: Yes, just like how I feel Apple is not just a product, but represents a spirit. Every time you think of it, you feel inspired. I understand the spirit you're talking about.

Patrick: Exactly. For us geeks, using Apple products isn't about being in the "Apple camp"—I think that framing is completely wrong. It's more that I truly pursue excellent product design; I want to own beautifully designed things. Sitting at the intersection of technology and the liberal arts—this pursuit of beauty is fundamentally human and sustainable. It's not a fad that will disappear in ten years.

Alice: Completely agree.

Patrick: Right, okay.

Alice: Let's discuss the next company.

Topic 4: Switching Costs of SaaS Enterprise Software and the Destructive Effect of AI

Patrick: Sure. Among our seven so-called competitive advantages, there are some others like...

Alice: Switching costs, yes, switching cost.

Patrick: Yes, we can talk about enterprise software, SaaS software. The competitive advantage for most enterprise software is very high switching costs. Its underlying business model isn't that complicated either: software is embedded into a company's workflows to boost efficiency, as businesses need various software for design, product workflows, marketing, etc. Its business model is simple; most SaaS software charges by "seats"—you pay for however many seats you use. According to our theoretical framework, it also has scale effects, because a crucial characteristic of SaaS software is that its marginal cost of reproduction is zero; selling more is always better. At the same time, it has high switching costs, right? As we discussed before, the reason the SaaS model has been successful for over two decades is due to these high switching costs—it embeds deeply into corporate workflows. In the past 20-plus years, before the cloud era, everyone downloaded installation packages and installed software locally. When the cloud era arrived, everything shifted to the SaaS model. SaaS is distinctly a product of the cloud era. SaaS software disrupted a bunch of traditional software companies. People used to download packages for Photoshop or Word; after cloudification, it became Google Docs, and Word moved online. Then Adobe was disrupted by Figma, a pure cloud-based collaboration software for design, possessing a stronger moat than Adobe. Ultimately, it comes down to how deeply you are embedded in the enterprise's workflows and how indispensable you are to the company—this determines your moat. Comparatively, Figma's moat is stronger than Adobe's. Why? Because Adobe Photoshop or similar tools are just standalone software; they aren't embedded into the entire collaborative design workflow. Figma's strength lies in embedding into the entire design team, even integrating the collaborative workflows of product and marketing teams; everyone uses it to collaborate. It is no longer just a standalone PS software, so its level of embedding is definitely stronger than Adobe's, deepening its moat. Following that logic, the moat for financial software is inherently stronger than that for design software.

Alice: Because historical data is very important. Once embedded, the switching cost is very high.

Patrick: Exactly. Do you dare casually switch your financial software? That's the most system-shaking thing. If you change a design software, it's a bit annoying, but the company won't collapse. But if you mess up financial software and errors occur in tax filing and data, that's no joke. So some software inherently has a higher moat. Now, regarding SaaS, the biggest recent topic is the risk of AI disruption, right?

Alice: Yes, because related sectors in the US stock market have dropped significantly.

Patrick: Because frankly, SaaS software disrupted traditional on-premise software by riding the cloud trend. Now people wonder: as the new AI era arrives, will it disrupt the cloud paradigm? Will there be a new Figma, a new word processor, or even new financial software? I don't know how you view AI's disruption of software.

Alice: I've actually thought about this. I also looked at Adobe's corporate financial data. If you only look at it historically, the financials are beautiful and healthy—it looks like a great software business. But then I realized that the AI era doesn't mean AI just outright replaces

Adobe. Even if it can't completely replace it, Adobe itself might struggle to raise prices. Could that happen? Meaning, because AI exists, your company's pricing power to fight inflation might be much weaker than before. And with Adobe's situation, for instance, in the creative advertising industry, you have to create images, videos, animations, and prints. Every step, every team, and everyone uses the same software. If you suddenly switch or use AI, and someone elsewhere isn't caught up, or the formatting is all wrong, it's still a massive headache. So I feel it won't be replaced that quickly in the short term. If we're talking about rough individual freelancers or small companies, maybe I just use AI and don't need a designer. But for the top brands we just discussed executing global marketing or branding, the countless design details require a lot of nuanced work. And it's not just about one design; all collaborative stages require the same software in the workflow to ensure everyone opens the exact same file. I personally think this replacement will take time. However, I do agree these software companies' future pricing power is definitely being challenged.

Patrick: I actually find it very difficult to make a highly confident judgment right now about software and whether AI will disrupt it; my feelings are similar to yours. Regarding enterprise software, consider this: why didn't a new company easily disrupt SaaS giants like Adobe, Figma, or financial software like Intuit QuickBooks in the past? What is the core difficulty of SaaS? The difficulty of SaaS actually manifests in two ways. First, SaaS must embed into an enterprise's workflows. But every enterprise has a diverse array of different processes. The hardest thing about building SaaS is that you must first deeply understand the vertical industry's and the company's context—how it actually operates. For example, some US public companies provide software for real estate leasing. To build this software, you must know the entire leasing process inside out. How does a tenant arrive? You have to do KYC background checks—those are complicated in the US; you can't just rent to anyone. After signing the lease, there's maintenance, collecting rent, and repairs. Every industry has its specific workflows and expert knowledge. You only truly understand how the industry operates if you've been in it a long time. So as a SaaS developer, you must first master the industry, then abstract the problems into design. Because SaaS software is very different from AI software; the underlying logic of SaaS is "if X, then Y". Anyone who has written code knows it has to account for all possibilities, turning them into options and clickable next steps for the user. It needs to accommodate different interfaces for different people, handling clicks and workflows. It must acquire proprietary industry knowledge, abstract it into if-then statements, and build user-friendly software. When we say some software is hard to use, it fundamentally means it doesn't deeply understand the enterprise workflow, or the interface is poorly designed despite knowing the workflow. This is a core barrier. The next barrier is: once you've built the software, how do you sell it? How do you market, reach out, and maintain it? As competition intensifies, this barrier gets higher, coming down to how well you market and apply tags. Essentially, these were the moats of SaaS in the past. Why will AI disrupt this? Because AI's method of solving problems has changed. First, current AI agents only need a natural language document containing the expert knowledge for the task. Taking the leasing example, step one is tenant onboarding, noting what needs checking—this knowledge is written in natural language in a file. The AI learns this knowledge, and when a tenant arrives, the AI simply says, "Let's enter this process," intelligently interacting with the landlord or tenant. A major difference with AI is that it drastically lowers the cost of condensing industry knowledge. Write one expert file, and it gains that capability, which can be copy-pasted to all AI. In the past, expert knowledge in SaaS was hard to copy-paste; Figma and Adobe's core logic were their respective trade secrets. In the future, if one person contributes expert knowledge in design, it might be shared by AI worldwide. Another difference: traditional SaaS required knowledgeable humans

clicking graphic interfaces to complete tasks, while AI shifts to "directly asking for results." The entire software design paradigm has fundamentally shifted from graphical visual click interfaces to simply requesting needs and getting results. This is indeed a massive shift for the software industry. But my feeling is that software will definitely still exist. Jensen Huang's view is that software will persist; there's no need to reinvent the wheel. If there are existing public APIs, AI will definitely use them rather than rebuilding from scratch. Software will exist, but the winners might not be the current players. Current players won the SaaS era, and their success is based on the old paradigm. Now that the development and usage paradigms have fundamentally changed, you must design software fitting the new paradigm to compete. Of course, startups have opportunities now, or certain parts might be directly absorbed and replaced by native AI large models, eliminating the need for dedicated software. Or perhaps Adobe becomes an API provider, packaging capabilities into APIs for AI to use, generating revenue by charging per API call. The business model will undoubtedly undergo massive changes; the old per-seat billing model will surely be disrupted. So it really depends on how current SaaS vendors embrace and utilize AI, and their moats will shift. In the past, your moat was how deeply you understood industry context and how user-friendly your software was. In the future, the moat might be whether your data is public or proprietary. Take financial terminals like Bloomberg or FactSet. If you solely rely on public data, you have no hope. Because AI can also access public data; once fed expert financial analysis knowledge, you can just ask AI for the result directly. We are already too lazy to manually check public charts when using AI. If data is public, there is no barrier. But proprietary data is different. For example, Bloomberg's advantage might not be public data, but its social function—traders chatting via Bloomberg. So even if public data and graphic interfaces lose their value, its social attribute will still serve as a powerful moat. Will these companies be heavily impacted? I believe so, because a large portion of their traditional functional value will drop significantly.

Alice: Actually, AI has the potential to reinvent everything in a more user-friendly, convenient, and cost-effective way. If there truly is a product that good, I think people might easily embrace the disruption.

Patrick: Yes, an epic technological revolution like AI will undoubtedly disrupt many companies.

Alice: So could we say that regarding competitive advantage and sustainability in the tech industry, it's just hard to judge if it's sustainable?

Patrick: Software will undoubtedly take a massive hit, but it won't die immediately. Even with revolutions like the industrial or AI revolution, reaching a mature, usable state takes a long time. It's not just technology perfecting itself; the entire social organizational workflow needs to adapt and be reinvented for the new tech. So traditional software will survive for a while, but it's hard to say who will make it across the chasm or if new players will flip the table. For traditional SaaS software companies right now, I cannot clearly see their endgame 10 or 20 years down the line.

Topic 5: Apple's Ultimate Moat and the Scarce Ability to Manipulate Atoms

Alice: OK, let's talk about one last company.

Patrick: Yes, let's talk about Apple. Since we just mentioned software and hardware companies, I think Apple is currently right at the center of the AI storm. I did a long episode on Apple before, but I want to add more because I felt that episode didn't capture the true essence. Everyone knows Apple is a company that excels at both hardware and software, with exceptional vertical integration. I still believe Apple possesses a top-tier business model. If we look at it through our theoretical framework, Apple has collected all "seven dragon balls" of competitive advantage; it's the ultimate master. For example, scale advantage: its supply chain is undeniably the most formidable. It has network effects: the App Store is a two-sided network for developers and users. More users attract more developers, more exclusive apps retain users—creating an incredibly strong network effect. It has inverse positioning: the iPhone succeeded through innovative inverse positioning against Nokia, and the Apple Watch took a differentiated health route against traditional luxury Swiss watches. Brand advantage is beyond doubt: the best products with supreme consumer mindshare. High switching costs apply too: it has built the strongest ecosystem where the more Apple devices you own, the better the experience. So theoretically, it really has collected many "dragon balls." Result-wise, its return on capital and reinvestment rates are phenomenal; the financial numbers are absurd. But I feel this still isn't getting to the essence. Here is how I understand Apple's essence now: we live in a complex world. First, there is the atomic world (Physical World), and second, the digital world (bit world). Before the internet, business was mostly manufacturing, competing on the ability to manipulate atoms. Upon entering the digital world, people discovered a richly colorful bit world. Apple is a company that combines the ability to manipulate atoms with the ability to manipulate bits, executing both hardware and software flawlessly. Now a third world is emerging, called the AI world (or Token world). This is an intelligence-driven world vastly different from before. In the future, we may spend more time interacting with intelligence. I think Apple's essence is providing the best atomic products (hardware terminals) to allow users to enter the digital and token worlds, serving as the portal for these worlds, and then fusing all three worlds together. You must have an entry point to access the digital world, right? Currently, that entry point is the iPhone, Mac, and now the Vision Pro. The Mixed Reality it created visually merges the physical atomic world with the digital world. Regardless, the portal belongs to them. Apple is constantly expanding the scope of its atomic products to let you navigate new worlds. So here comes the question: with the new intelligent Token world, people say, "Apple, you didn't do AI, you don't have a foundational large model, your Siri is stupid, you are falling behind." It has indeed fallen behind, but the question is, is this actually the Game it needs to play? Does it absolutely have to provide the most foundational intelligent large model in the Token world? This relates to how you view the future Token world. At least for now, I think the differentiation among foundational large models in the Token world is insufficient. Whether it's Gemini, ChatGPT, or Claude, one leads for a while, then another takes over. Over a long cycle, the switching costs between large models are actually quite low—I'll just switch to whoever has the strongest API today. So, with insufficient differentiation at the base model level, this will likely become commoditized infrastructure in the future. At current intelligence levels, I don't think foundational models have very strong differentiation. When underlying intelligence lacks strong differentiation, simply becoming the Nth model choice holds little meaning, as there will be many open-source options in the future. So for Apple's business model, grinding on foundational large models isn't that crucial. Conversely, in a commoditized Token world, physical terminal entry points will become even more important. Because everyone offers roughly the same baseline intelligence, as an end-user, what I really care about is my overall packaged experience when interacting with that intelligence through a physical atomic product. It's clear that Apple's ecosystem moat in the digital world is extremely high. In the new Token world, everyone is at the same starting line; even OpenAI

wants to build its own hardware, highlighting the importance of hardware terminals. But competing on the same stage, the ability to manipulate atoms remains a critically scarce core competency that isn't easily replicated. OpenAI can hire Jony Ive to design AI hardware, but manipulating atoms isn't something one genius designer can instantly achieve. It requires not just design, but profound manufacturing expertise, advanced manufacturing, and a global supply chain—it's a highly complex and grueling business.

Alice: And you need a Steve Jobs.

Patrick: Building hardware is a completely different business from building pure software. If it were easy, Google wouldn't have had such mediocre results making phones for so many years; specialization matters. The ability to manipulate atoms will remain a highly scarce capability in the future. Terminals won't become unimportant just because we entered the AI world; I don't believe just any crude terminal will suffice. Terminal experiences will become even more critical. So while I feel Apple is lagging in providing underlying AI intelligence, its strategy of partnering with Google or Gemini makes total sense. Why do you have to do everything yourself? In the bit world, didn't they just build in Google for search? Apple's current approach is: anything regarding absolute user privacy and sensitive data must be processed entirely on its own on-device small models; it will never hand over core user data to third-party large models—this is its non-negotiable bottom line. Meanwhile, general broad intelligence is outsourced through partnerships. I think this is highly rational and important. I still consider it a top-tier new model.

Alice: Brilliant. During an interview last month, Warren Buffett said Apple is not a technology company; Apple is a consumer products company. Is my understanding correct that this aligns with what you just emphasized about its hardware capabilities?

Patrick: Yes. If a consumer products company is a top-tier brand, it essentially boils down to "making the best products." So in Buffett's view, there's no fundamental difference between Apple and those great traditional companies striving to make the best products. If you insist on calling it a tech company, the term "tech" is actually very hard to define. For Apple, it simply means making the best products. A company capable of pushing both the manipulation of atoms and the manipulation of bits to the absolute limit is exceptionally rare. The entity with the strongest ability to manipulate atoms might be ASML with its lithography machines, pushing physical limits; or TSMC. Why are they so hard to disrupt? Because this extreme atomic manipulation capability isn't acquired overnight; it requires decades of hyper-focused accumulation to conquer. In consumer electronics, although it's not quite challenging physical limits in the same way, industrial taste and precision craftsmanship are incredibly important. Things like Face ID and the spatial computing hardware of the Vision Pro—these vertical software-hardware integration capabilities cannot be easily copied. Fusing software and hardware so seamlessly to create such a silky-smooth experience is incredibly difficult.

Alice: I completely agree. Thinking carefully about it, that pursuit of details and exquisite craftsmanship, the judgments, and the countless iterations truly require an ocean of unseen hard work, which we might not intuitively perceive when simply using the products every day.

Conclusion: Returning to the Essence and Understanding the Trunk

Patrick: Alright, we've been chatting for quite a long time today, so let's wrap it up here. My original intention was to convey that the "seven dragon balls" of competitive advantage we discussed previously are merely theoretical tools for armchair strategy—it's good to know them. But in the practical combat of analyzing companies, the core capability is striking directly at the essence. Only when you pierce through to the essence can you judge whether a supposed differentiation genuinely satisfies users' underlying rigid demands. Is this competitive advantage truly sustainable? Often, people argue fiercely over the same thing, but they are completely missing that they are talking about entirely different dimensions of demand. For example, Pop Mart: if you just see them as selling plastic toys, you haven't touched their essence of providing social companionship and emotional value. When we try to understand a company, we should view it as a large tree. If you look down at the tree from the sky, all you see is a dense canopy of leaves (like financial reports, news updates). Every leaf seems worth examining, touching, and perhaps even debating over intensely. But this is actually ineffective internal friction. If you fail to pierce through the fog and find the tree's thickest trunk (the core business model and moat), if you don't stand back to clearly assess the trunk's true vitality, then all the flashy analytical theories you apply to the branches and leaves will ultimately be in vain. If you only take away one sentence from listening to today's episode, let it be this: return to the essence and see through the company's business model. I hope this helps everyone. We discussed quite a few companies today; next time we can cover fewer companies and have more in-depth debates between Alice and me.

Alice: I didn't feel it was too many; I thought today was excellent, and I learned a lot.

Patrick: Great, let's stop here for today.

Alice: Sounds good.

Patrick: Alright, bye-bye.

Alice: Bye-bye.

Patrick: See you next time.