

## Alibaba Kicks Off Singles' Day Global Shopping Festival



- 1) Alibaba kicked off its 11.11 Global Shopping Festival, which is now the biggest shopping day globally, and released details surrounding its marketing strategy.
- 2) In our view, entertainment and interactive engagement (which includes VR and an AR Pokémon-Go-style game) are the most anticipated areas and will likely move the needle for this year's sales growth.
- 3) We remain positive that Alibaba's 2016 Singles' Day sales will achieve new records, and reiterate our forecast for year-over-year sales growth of 40%.

### Alibaba Launches Singles' Day Global Shopping Festival

Alibaba kicked off its Singles' Day Global Shopping Festival on October 21, 2016. The company also released details of its marketing strategy, which was broadly in line with our expectation. In our view, the use of virtual reality/augmented reality (VR/AR) to increase user engagement with brands was the largest positive surprise, and will likely drive this year's Singles' Day sales growth. We maintain our positive view on Alibaba's long-term marketing strategy, and reiterate our forecast for year-over-year sales growth of 40%.

Please refer to our October 19 note titled, [2016 SINGLES' DAY PREVIEW: AIMING HIGH AS ALIBABA PAIRS SHOPPING WITH ENTERTAINMENT & SOCIAL MEDIA](#)

### More Opportunities for Brands to Engage Customers

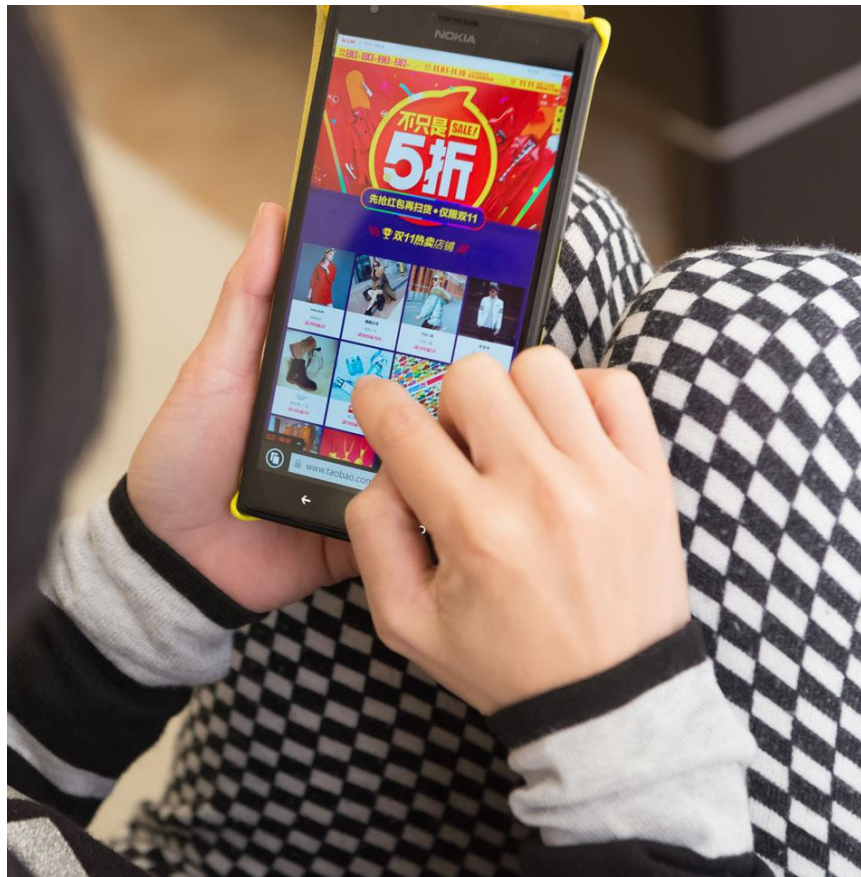
The focus of this year's Singles' Day is to create new opportunities for merchants to build their brands and engage with their customers, by leveraging Alibaba's ecosystem of e-commerce and media platforms. To this end, Alibaba has established a marketing strategy which includes the following:

- **VR to enhance customer engagement:** Alibaba will pilot "Buy+", a virtual reality (VR) shopping experience, to engage customers with brands. Through VR technology, Chinese customers will be virtually transported to stores in

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another global location, even those without a brick-and-mortar presence in China. Macy’s is one of the participating brands. For example, online shoppers can walk around Macy’s flagship store in New York City to discover products, and, if they want to purchase an item, simply have to nod to confirm payment with Alipay. Refer to the official video [here](#)

- **AR to help drive a seamless O2O experience:** Alibaba will release a location-based augmented reality (AR) “Pokémon Go”-style mobile game two weeks before Singles’ Day. Users can follow a Tmall mascot across Alibaba’s retail ecosystem, which the company hopes will help drive traffic from online stores to the physical stores of Tmall merchants. Participating international brands include KFC, Starbucks and Shanghai Disneyland. The online experience could help drive consumption at physical stores, such as the sale of vouchers on KFC’s shop on Tmall, which can be redeemed at their stores.

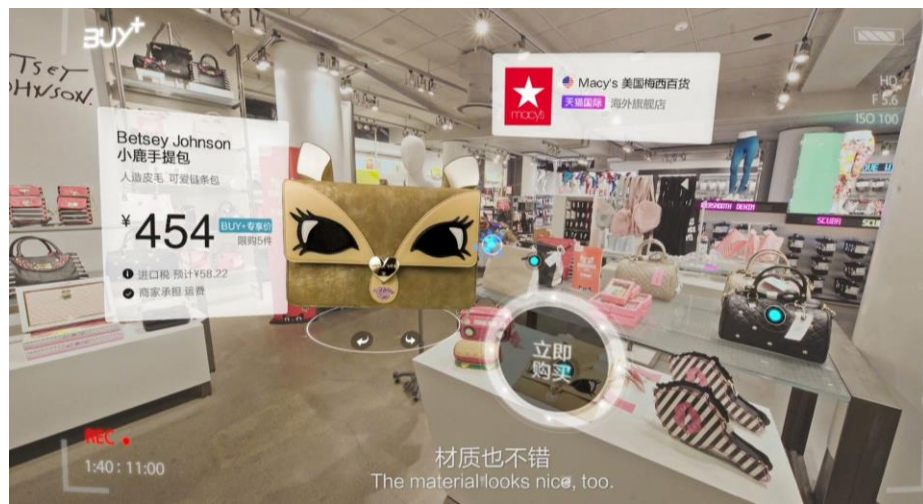


Source: Shutterstock

- **Live entertainment as a commerce opportunity:** This year’s Countdown Gala on the eve of Singles’ Day will feature Katy Perry as the “global ambassador”, and will place an emphasis on interaction with customers. Throughout the show, there will be opportunities for viewers to win prizes and deals.

- **Enhanced personalization:** Brands and retailers can customize their storefronts, product selection and marketing materials by leveraging Alibaba’s ecosystem, which includes e-commerce, media, payments, etc. This will enable customers to see their personalized search results and product recommendations upon opening the app.
- **Global brand involvement:** Alibaba continues to ride on the insatiable appetite of Chinese consumers for international goods, and is introducing both household names (such as Apple, Costco) and smaller brands to its online marketplaces during Singles’ Day. Globalization has been a long-term strategy for Alibaba under the slogan of “Buy Globally, Sell Globally”.
- **“See now, buy now”:** Alibaba hosted an 8-hour fashion show in Shanghai on Tmall on its video platform Youku and mobile apps on October 23. Viewers were able to pre-order items shown during the show in real time.

Figure 1. Buy+ VR Shopping Experience at Macy’s



Source: Alizila

Figure 2. Alibaba’s Singles’ Day Marketing Strategy Includes VR and AR



Source: Alizila

### Singles' Day Festival extended this year

This year's Singles' Day Shopping Festival has been extended from a one-day event to a three-week event, running from October 21 to November 11, according to Alibaba CEO Daniel Zhang. One of the primary goals is to increase Chinese consumers' awareness of international brands, both big and smaller brands.

Participating international brands include:

- **Apparel:** Zara, Nike, Uniqlo
- **Electronics:** Bose, Samsung
- **Cosmetics:** Estee Lauder, L'Oreal
- **Consumer products:** P&G, Unilever,
- **Several brands are making their debut to 11.11 this year:** Burberry, Target, Maserati, Apple, Guerlain

### Conclusion

We maintain our forecast of sales growth of 40% year over year for Alibaba's 2016 Singles' Day, to reach US\$20 billion. This forecast is driven by our expectations for Alibaba's extensive marketing campaign, which leverages on VR/AR technology to engage customers, as well the tailwind from Chinese online shoppers' demand for overseas goods. We remain positive on both Alibaba's performance during this year's Singles' Day as well as its future strategy.





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