

## ALIBABA 11.11 SINGLES' DAY GLOBAL SHOPPING FESTIVAL DAY ONE TAKEAWAYS



- 1) In the first hour alone, Singles' Day GMV (gross merchandise volume) reached RMB35.3 billion or \$5.2 billion on Alibaba's platforms, which is equivalent to the entire day's GMV on Singles' Day 2013, surpassing the combined online sales of Cyber Monday and Black Friday in the US. In the first two hours, Alibaba generated \$7 billion in GMV.
- 2) Based on data from the first hour of Singles' Day, the US was the most popular import country for goods bought by Alibaba customers. This is consistent with results from previous years. The most popular made-in-US categories included athletic footwear and consumer electronics.
- 3) The gala held the evening before Singles' Day used innovative ways to interact with consumers to keep them engaged. Alibaba converted mobile phones into a hybrid remote control/joystick through its mobile app.
- 4) We expect total GMV for Single's Day to reach \$20 billion.

Fung Global Retail Technology is attending the Alibaba 2016 11.11 Global Shopping Festival celebration in Shenzhen, China during November 10-11. The two-day event includes Alibaba's executive briefing, an influencer panel and a gala celebration. Deborah Weinswig, Managing Director of Fung Global Retail & Technology participated in an influencer panel where she shared some comparative insights on Singles' Day and Western shopping holidays.



Source: Fung Global Retail & Technology

### Alibaba Singles' Day First Few Hours of Sales Broke Records

A few notable statistics from the first hour of Singles' Day:

- In the first hour alone, GMV reached RMB35.3 billion or \$5.2 billion on Alibaba's platforms, which was equivalent to the entire day's GMV on Singles' Day 2013, surpassing the combined online sales of Cyber Monday and Black Friday in the US.
- In the first two hours, Alibaba generated \$7 billion in GMV.
- While we expect the return rate on Singles' Day to be slightly higher than the average low-single-digit return rate for Alibaba, due to the large transaction volumes, it will still be significantly lower than the typical return rate for e-commerce goods in the US at 30-40%.
- In the first 52 seconds, GMV on Alibaba's platforms reached RMB1 billion or \$147 million. Last year, it took one minute 12 seconds to reach this number.
- GMV reached RMB10 billion or \$1.47 billion in just six minutes 58 seconds. Total GMV was RMB50 million, or \$7.4 billion for the entire day on the first Singles' Day back in 2009.
- In the first hour, mobile penetration was up to 90%, compared to 70% on Singles' Day 2015.
- By the end of the first hour, transactions had occurred in 195 countries globally from 13,000 global brands.

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**Figure 1. International Shopping Holiday Sales (\$ Bil.)**

	Singles' Day	Cyber Monday	Black Friday (Online)	Black Friday (Total)
2013	5.8	1.7	1.2	9.7
2014	9.3	2.6	1.5	11.6
e2015	14.3	3.1	1.7	10.4
2016E	20.0	-	-	-

Source: Statista/ComScore/ShopperTrack/Fung Global Retail & Technology

**US the Top Country among Those Selling into China on Alibaba’s Sites**

In the first hour of Singles’ Day, the US was the most popular import country for Alibaba customers, which is consistent with information from previous years. The most popular categories included athletic footwear and consumer electronics made in the US. Chinese consumers seem to like running shoes and basketball shoes from the US. Nike ranked as the most popular US brand, followed by Apple.

**Figure 2: Top Countries Selling into China via Alibaba**

1	US
2	Japan
3	Korea
4	Germany
5	Australia

Source: Alibaba Group

**The Alibaba Gala was Interactive and Incorporated Exciting Shopping Events**

The gala held the evening before Singles’ Day was a major celebration to mark the occasion, with Alibaba using innovative ways to interact with consumers to keep them engaged. Alibaba called it “converting the mobile phone into a hybrid remote control/joystick through its mobile app that seamlessly compliments and enhances the gala experience”. Participants could win the outfits celebrities were wearing on stage by shaking their mobile phones if they had the Tmall app installed. The gala is an example of a “see now buy now” event – celebrities could showcase their latest recommendations or collections during the gala, and consumers who were watching the show could purchase them immediately.

**Livestreaming a New Way to Engage Chinese Consumers**

Livestreaming of online videos made by internet celebrities is a new way to engage Chinese consumers. Alibaba is seeing significant traction from this type of marketing and promotions by international brands, especially in the beauty category. Livestreaming is a particularly effective way to market to Taobao app users, 75% of whom are under the age of 35. The young consumer base wants to be entertained by livestreaming. The popularity of livestreaming of internet celebrities is higher in tier-two and -three cities where other entertainment options are lacking.

**Alibaba Redefines the Future of Retail with Technology and Entertainment**

Joe Tsai, Vice Chairman of Alibaba, noted that one of the key themes of this year’s Singles’ Day celebration was using technology to enhance the consumer experience. Alibaba is determined to make shopping more fun for Chinese consumers by using technology, and has employed a number of technologies to do this. The virtual reality (VR) Buy+ service on Alibaba’s mobile apps allows shoppers to be virtually transported to a number of global store locations via cardboard goggles and mobile phones. Gamification is another feature of Singles’ Day. The Pokémon-go style augmented reality (AR) mobile game features a Tmall cat mascot that leads shoppers to Tmall merchants’ physical stores where they can redeem mobile coupons. Shopping online is a chore in the US, but it is a fun sport in China.



Source: Fung Global Retail & Technology

**International Strategy for Alibaba Focuses on Developing Markets**

When asked about the internationalization of Alibaba’s strategy, Joe Tsai, Vice Chairman of Alibaba, stressed the importance of emerging markets such as Southeast Asia and India as priorities, with the US less of a strategic focus. Southeast Asia and India are particularly attractive to Alibaba because of their large and young population bases, as well as the rising income levels of consumers there. The company does not yet want to compete with Amazon in its home turf in the US, where Amazon has a dominant market share. In India, Alibaba owns a number of India’s mobile outlets – it made some strategic investments in India’s largest mobile-payment company Paytm and the largest mobile browser UCweb. Expansion into Southeast Asia was done through the acquisition of Singapore based e-commerce startup Lazada Group, which allows Alibaba to tap into 500 million consumers in five Southeast Asian countries.



FLASH REPORT

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