

SINGLES' DAY VS US SHOPPING HOLIDAYS: KEEPING SHOPPERS ENTERTAINED



- In this report, we compare Singles' Day, China's largest online shopping occasion, with some of the well-known shopping holidays in the US. The online sales generated by Alibaba on Singles' Day consistently outperform all the major one-day shopping holidays in US retail.
- Alibaba is using entertainment and interactive engagement (which includes VR and an AR Pokemon-Go style game) to engage customers on Singles' Day, which is different from the discount-driven approach by Prime Day and other traditional US shopping holidays.
- This year, US retailers have increased their participation in Singles' Day on Alibaba's sites. For the first time ever, Target is joining Alibaba for Singles' Day on Tmall Global. However, there is still limited awareness of the occasion for US consumers.

Singles' Day is an online shopping holiday that takes place on November 11 created by Chinese e-commerce giant Alibaba in 2009. The date was chosen as a gifting occasion for singles because the number "11" resembles an individual that is alone. Alibaba marketed its first online sales with just 27 merchants in 2009 with special "Double 11" deals to attract customers. Subsequently, in 2012, Alibaba even trademarked several terms related to Singles' Day. For more background on Singles' Day, please see our [Singles' Day Preview](#).

Singles' Day Outperforms Major US Shopping Holidays

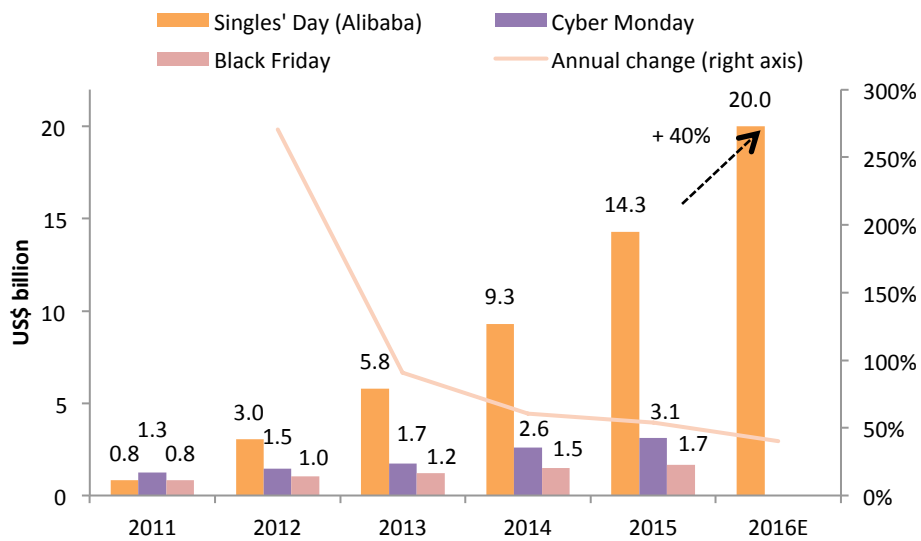
Singles' Day has consistently outperformed Western shopping holidays such as Black Friday and Cyber Monday in sales since 2011, only two years after it was first launched. In 2015, Alibaba alone recorded \$14.3 billion sales in 24 hours, which represents almost twice as much as the online sales generated from the four-day period in the US that stretches from Thanksgiving through to Cyber Monday.

The hype around Singles’ Day has been on the rise. What started as an occasion for singles to celebrate their independence has evolved into one of the biggest gifting occasions in the country for everyone – married and singles of all ages.

We expect the gap between Alibaba’s Singles’ Day performance and other US shopping holidays will continue to widen. We forecast Alibaba will capture \$20 billion in sales for Singles’ day this year, up 40% from last year, compared to major US shopping holiday day online sales, which are expected to grow in the low-teen digits.

To put these figures into context, the day is expected to generate more sales for Alibaba alone than Valentine’s Day does for US retail, which includes both online and offline channels. Compared to other major gifting and shopping occasions in the US, Singles’ Day could rank among the top three in terms of one-day sales generation.

Figure 1. Online Sales for Singles’ Day, Cyber Monday and Black Friday, 2011-16E



Source: Statista/ComScore/Fung Global Retail & Technology

The influence of one-day US shopping holidays is diminishing, as retailers are taking a more season-long approach to marketing and promotions, and as US shoppers tend to spread out their holiday shopping. There is less excitement around the shopping holidays for US shoppers: we are seeing shorter lines on Black Friday and reduced store hours on Thanksgiving Day. Some US retailers seem to be downplaying their Black Friday and Cyber Monday-specific promotions, using the terms “Thanksgiving Sale” and “the Holiday sale”.

Singles’ Day vs Prime Day: It’s All About Entertainment

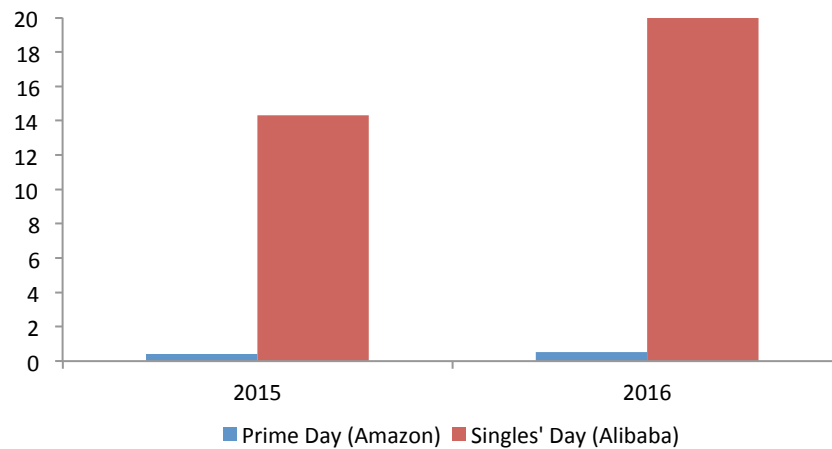
Amazon’s Prime Day, an online shopping holiday that debuted in 2015, is the closest invention in the Western world to Singles’ Day. Exclusively for Amazon’s Prime members, we estimate the shopping festival generated \$515 million in sales for Amazon in 2016. While Prime Day had a positive impact on Amazon’s 3Q sales this year, this was only a fraction of what the \$14.3 billion Singles’ Day brought in for Alibaba.

While Western shopping holidays such as Prime Day and Black Friday tend to focus on discounts, Alibaba takes an entertainment-centric approach with marketing and promotions. It uses Singles’ Day to create new opportunities for merchants to build their

brands and engage with their customers. In our view, this is beneficial for Alibaba to drive sales through customer engagement over the longer term. As Alibaba continues to invest heavily in promotional campaigns and marketing activities, Chinese consumers are excited to discover new brands and new products through interactive ways beyond Singles' Day.

This year, Alibaba is using virtual reality (VR), augmented reality (AR), livestreaming "see now buy now" fashion shows and a live gala to keep customers entertained. Alibaba will pilot "Buy+", a VR shopping experience that enables Chinese customers to be virtually transported to stores in another global location. Alibaba released a location-based AR "Pokémon Go"-style mobile game two weeks before Singles' Day to help drive traffic from online stores to the physical stores of Tmall merchants. Also, on October 23, the company hosted an 8-hour fashion show in Shanghai on Tmall on its video platform Youku and mobile apps. On November 10, a star-studded countdown gala will be streamed live and watched by hundreds of millions of viewers globally.

Figure 2. Online Sales for Singles' Day vs Prime Day



Source: Company reports/ Fung Global Retail & Technology

Figure 3. Alibaba's Singles' Day vs Amazon's Prime Day

	PRIME DAY	SINGLE'S DAY
DATE	07/15, debuted in 2015 07/12, 2016	Every 11/11, Debuted in 2009
CHANNEL	Amazon's global sites	Alibaba s, JD.com, Suning, Gome, Haier
MARKET	US, UK, Spain, Italy, Germany, France, Canada, Australia	Primarily China, 200+countries participate
SALES 2016	\$515M*	\$20 Billion
COMPARED WITH CYBER MONDAY	0.17X	6.6X

Source: company websites/ Fung Global Retail & Technology



Influence of Singles' Day in the US

For US Retailers

On Singles' Day, international retailers that target Chinese shoppers take this opportunity to showcase their brands. In 2015, buyers and sellers from 232 countries and regions participated in Alibaba's Singles' Day. The US was the most popular import country for Chinese consumers. Some prominent US retailers that participated included Macy's, Costco and Nike. Last year, Costco was the No.1 retailer of imported products on Tmall Global by value, with sales reaching 50 million units. Costco first entered the China market through Tmall Global in 2014. This year during Singles' Day, Macy's is offering livestreaming of its New York Harold Square flagship store on Alibaba's VR shopping service.

Figure 4. Singles' Day 2015 – the Top Countries and Products Imported into China by Sales Value

Rank	Country	Rank	Products
1	US	1	Maternity and baby care
2	Japan	2	Cosmetics and skin care
3	Korea	3	Healthcare
4	Germany	4	Food
5	Australia	5	Personal care
6	Thailand	6	Apparel and fashion
7	UK	7	Consumer electronics
8	New Zealand		
9	France		
10	Italy		

Source: AliResearch



FLASH REPORT

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