



**Singles' Day 2017
Wrap-Up:
New Retail Helps
Boost Singles' Day
Sales to Record High**

- 1) Singles' Day (November 11) is the most significant online shopping day in China. Alibaba created an annual shopping event—now officially known as the 11.11 Global Shopping Festival—in 2009 as an occasion for those who are single to treat themselves by buying things they desire.
- 2) Singles' Day 2017 sales hit a record \$25.3 billion in 24 hours, up 39% year over year. By comparison, last year in the US, Black Friday online sales totaled just \$3.0 billion and Cyber Monday sales just \$3.45 billion, according to data from Adobe. Mobile penetration on Singles' Day also reached an all-time high, hitting 90%, up from 82% in 2016.
- 3) Alibaba's New Retail initiatives contributed to the event's success. The company incorporated significant offline retail offerings in this year's festival and an unprecedented number of brands participated. In addition, the company has extended the event from a one-day sale into a three-week shopping season.
- 4) Singles' Day has evolved into the biggest online retail event in China, benefiting other industry players besides Alibaba. We saw many independent retail stores actively participating in 11.11 sales throughout our visit in China. Retailers were using the occasion to promote their products regardless of whether they had a presence on Alibaba's platforms. JD.com, Alibaba's closest competitor, also saw a surge in sales on Singles' Day.
- 5) US products are in high demand in China for Singles' Day. The US was the second-most-popular country of origin for imported goods sold during the 11.11 event, after Japan. American brands were ranked as top sellers across multiple categories on Alibaba's branded site, Tmall, during the shopping festival.
- 6) The FGRT team attended the 11.11 Gala, executive meetings, media briefings and store tours in Shanghai hosted by Alibaba's management team. Our on-the-ground coverage of Singles' Day 2017 is included in this report.

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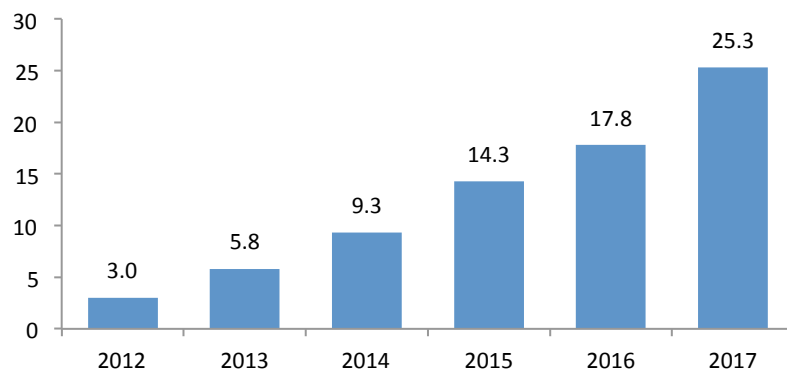
Singles’ Day Shatters Records Again in 2017

Singles’ Day (November 11) is the most significant online shopping day in the world, with sales totals that far exceed Black Friday and Cyber Monday sales in the US. Alibaba created the Singles’ Day annual shopping event—now officially known as the 11.11 Global Shopping Festival—in 2009, marketing special “double 11” deals to single people who wanted to treat themselves by buying things they desired.

This year, Singles’ Day sales continued to break records on all fronts. Key statistics from the 24-hour sales period include:

- Total gross merchandise volume (GMV) reached \$25.3 billion (¥168.2 billion), up 39% year over year in renminbi terms.
- Last year’s US online sales totals for Black Friday (\$3.0 billion) and Cyber Monday (\$3.45 billion), estimated by Adobe, pale in comparison to the Singles’ Day figure.
- Mobile penetration was 90%, up from 82% in 2016 and 68.7% in 2015.
- Alibaba’s logistics network, Cainiao, processed 812 million packages on Singles’ Day, up from 657 million in 2016.
- A total of 140,000 brands and merchants participated in the 11.11 event on Alibaba’s platforms, up from 100,000 in 2016.
- The number of participating international brands jumped from 11,000 in 2016 to 60,000 this year.
- Alibaba’s payment system, Alipay, processed 1.48 billion transactions in the 24-hour period.

Figure 1. Alibaba’s Singles’ Day Online Sales (USD Bil.)



Source: Alibaba Group

We think three specific factors contributed to the record-high sales on Singles’ Day this year: Alibaba incorporated significant offline retail offerings into the event; a larger number of brands participated, making the event more appealing to Chinese consumers; and Alibaba extended the shopping festival from a one-day event into a seasonal promotion.



Source: FGRT

1) Alibaba Drove Sales by Integrating Significant Offline Retail Offerings

The 11.11 Global Shopping Festival’s record sales results in 2017 represented a major success for Alibaba’s New Retail strategy, which refers to the integration of online and offline retail, logistics and data across a single value chain. Alibaba offered a more integrated online/offline experience along with additional offline components this Singles’ Day and leveraged brands’ offline locations to drive sales.

The offline components enriched the overall experience for customers and improved engagement throughout their shopping journeys. Alibaba partnered with 1,000 brands, including L’Oréal, Mondelēz, Nestlé and Procter & Gamble, to set up 100,000 smart stores in 31 cities in China. Shoppers at these stores could browse merchandise and then purchase items via Alibaba’s e-commerce platforms by scanning QR codes on the items in the stores. In addition, Alibaba’s technology enabled some 600,000 mom-and-pop convenience stores and 30,000 rural retail centers to participate in the shopping festival for the first time this year.

2) Increased Brand Participation Made Singles’ Day More Appealing to Chinese Consumers

The number of brands participating in Singles’ Day surged this year, as did the number of new product offerings. This broadened the appeal of the shopping festival to more Chinese consumers who were looking to discover new products, and it drove more traffic and sales. More than 140,000 brands and merchants participated in the 11.11 Global Shopping Festival in 2017, a significant increase from last year’s 100,000. That total included more than 60,000 international brands, up from 11,000 last year.

Merchants that had participated in the festival in previous years also expanded their product offerings this year. For example, the Macy’s Tmall Global flagship store offered 4,000 SKUs this year, five times more than last year. Other brands used the occasion to launch new products. Apple, for instance, launched the iPhone X in China on the Tmall site.



3) Alibaba Extended the Shopping Festival from a One-Day Promotion into a Seasonal Event

Similar to Black Friday in the West, the 11.11 shopping occasion now extends well beyond a one-day event; this year, the promotions stretch over three weeks. Alibaba's "See Now, Buy Now" fashion show on October 31 kicked off the promotion season, and many retailers began offering presale deals days before November 11, encouraging shoppers to browse deals and load up their shopping carts in anticipation.

Additional Takeaways from the Event

Below are some additional takeaways from our team's on-the-ground coverage of Singles' Day 2017.

- **Singles' Day boosts all retail in China:** Singles' Day has evolved into the biggest online retail event in China, and it benefits many other industry players besides Alibaba. We saw many independent retail stores actively participating in 11.11 sales throughout our visit in China. Retailers were using the occasion to promote their products regardless of whether they had a presence on Alibaba's platforms.

Alibaba's closest competitor, JD.com, saw its e-commerce sales surge on Singles' Day, and the company disclosed its 11.11 sales figure for the first time this year: JD.com saw \$19.14 billion (¥127.1 billion) in sales for its Singles' Day promotion period since November 1, up 50% year over year. JD.com's Singles' Day sales were also higher than its sales on June 18, the date of the company's own shopping holiday. In just the first hour of the prelaunch of the Singles' Day shopping event, which was held on November 1, JD.com recorded \$60 million (¥400 million) in sales—a year-over-year increase of 110%.

- **US products are in high demand by Chinese consumers for Singles' Day:** The US is the second-most-popular country of origin for imported goods sold in China on Singles' Day, after Japan. American products were consistently ranked as top sellers across multiple categories during the 24-hour Singles' Day period. Nike ranked number five on the list of top-selling brands of all categories on Tmall in terms of GMV on Singles' Day. Apple was the best-selling brand in the mobile phone category. Luggage brands Samsonite and American Tourister were among the top five best-selling brands in the bags and luggage category. And Estée Lauder ranked number four among the best-selling beauty brands.
- **Chinese shoppers value quality over discounts on Singles' Day:** Singles' Day is increasingly becoming an occasion for Chinese consumers to discover quality products, not just enjoy discounts. FGRT conducted a proprietary Singles' Day survey of 976 Mainland Chinese consumers between October 10 and 14 and found that some 81% of respondents said they would value quality over price when shopping on Singles' Day this year. Many shoppers also said that they had saved up for the big shopping day. On average, those surveyed planned to spend \$324 (¥2,126) during this year's shopping festival.
- **SMEs played a key role in the success of Singles' Day:** Alibaba's e-commerce platforms were founded with a mission to help small and



medium-size enterprises (SMEs) reach global consumers, and the 11.11 shopping festival featured many SMEs from around the world this year, enabling them to reach the half billion Chinese consumers on Alibaba's various platforms. The Singles' Day shopping event is an occasion for these smaller businesses to engage with Chinese consumers in a way that is usually less feasible for them, given the size of their businesses.

Emerging US brands such as cosmetics company 100% Pure and sneaker marketplace Stadium Goods participated in Singles' Day presale campaigns this year and used livestream sessions with influencers to drive sales during the shopping festival. Stadium Goods broke sales records on November 11, according to its CEO, John McPheters.

In addition to serving international SMEs, Alibaba has invested substantially in developing technologies that empower Chinese SMEs to participate in the festival. The company enabled some 600,000 mom-and-pop convenience stores and 30,000 rural retail centers in China to participate in the shopping event for the first time this year through its "LST" or "retail integrated" technology. LST is a cloud-based system that provides smart merchandise solutions and digital payment, inventory management and smart logistics systems for owners of small convenience stores.

- **AI-powered marketing drove incremental spending on Singles' Day:** Alibaba deployed artificial intelligence (AI) technology to personalize the customer experience on Singles' Day, analyzing customer data such as shopped items, browsed items and time spent on site pages to create new, personalized shopping pages throughout the 24-hour period. This data-driven hyperpersonalization drove additional product discovery during the festival and was highly effective in increasing spending by existing shoppers, according to Alibaba's Chief Marketing Officer, Chris Tung.

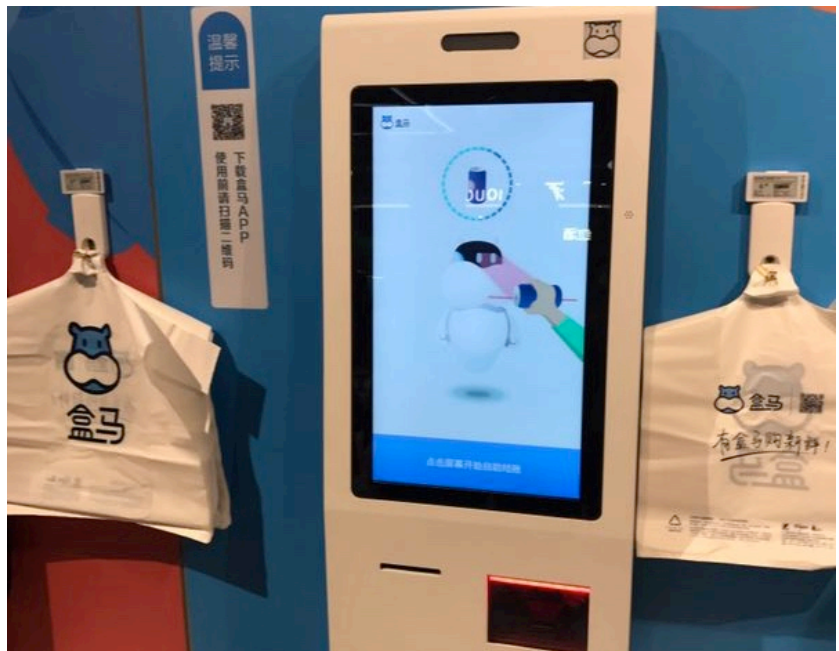
In addition, Alibaba's AI-based marketing design platform, Lu Ban, helps merchants personalize their online banner ads. This self-learning system has the ability to generate 8,000 banner ads per second, equivalent to 1 billion online ads during a 24-hour period.

- **Singles' Day has gone global:** Making Singles' Day a global event has been an important part of Alibaba's globalization strategy, and 60,000 international brands sold to a half billion Chinese consumers this year on Singles' Day.

The company also brought Singles' Day to overseas consumers, via its cross-border e-commerce platform AliExpress, Tmall World and Southeast Asia-based e-commerce platform Lazada. About 100 Chinese fashion and consumer electronics brands sold to overseas shoppers through Tmall World and more than 600 million consumers in Southeast Asia gained access to 11.11 sales through the Taobao Collection on Lazada. The company also launched localization initiatives in markets such as Hong Kong, Taiwan, Singapore and Malaysia. For overseas Chinese consumers, Alibaba launched Tmall

World which connects 100 million Chinese consumers who live outside China to 1.2 billion products.

- **The Hema store is reinventing the grocery experience in China:**



Source: FGRT

Alibaba has digitalized the shopping experience at its 20 Hema grocery stores in China. Shoppers can use their mobile phones to scan bar codes on items in the stores in order to learn more about the products, such as their countries of origin, as well as to get recipes and recommendations for related items. Shoppers can also order fresh produce on the Hema app and have the products delivered to their home within 30 minutes. Each Hema store serves neighborhoods within a 3-kilometer (1.9-mile) radius, to ensure on-time delivery. The



stores also serve as fulfillment centers for online orders, with designated areas for pickup and delivery operations.

Alibaba uses proprietary technology to optimize store operations at Hema, relying on local consumer demand analytics from its platforms to ensure that the products offered at each store are appealing to local customers. This data-driven approach significantly reduces food waste and improves margin for the chain.



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