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The First Covid-19 Era Double 11 Shopping Festival Breaks Records in China

- *Brands tapping the China market needn't wait until next Double 11 Shopping Festival, as there are many online shopping festivals in China*
- *Gain insights into your product, in terms of category, competition and target consumers in China*
- *Selling on the domestic version of Tmall will require a Chinese entity and product registration with Chinese authorities*
- *Tmall Global products are either warehoused in their country of origin or in China Free Trade Zones and only clear customs once orders are placed - logistics is key consideration*
- *Working with a certified Tmall trading partner ensures all steps are taken*

Genesis

The idea of Double 11 Shopping Festival (celebrated on November 11, also called as Single's Day) originally came from a few male students from Nanjing University in 1993 as an "anti-Valentine's Day" for those fed up with loneliness and the pressures of relationships, and to celebrate singleness. Rather than spoiling a significant other with gifts, the idea was to spoil yourself instead — maybe a night out with other single friends at a KTV (karaoke) or enjoying a hotpot dinner.

The first official commercialisation of Double 11 happened in 2009, by Alibaba, via their Taobao Marketplace (now called Tmall) platform, which involved 27 brands that generated sales of around RMB52million (US\$8 million). Jin Dong (JD.com) followed suit in 2010 by introducing their own Singles Day shopping event. What started as a day for single people to enjoy themselves and connect with others quickly turned into a full-on e-commerce bonanza, and eventually the largest shopping festival in the world.

Double 11 Shopping Festival in 2020

2020's Double 11 saw 250,000 brands, 5 million online retailers and 800 million consumers participate, achieving

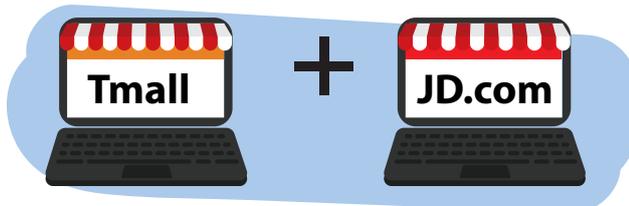
a total sales volume of RMB500 billion (US\$75 billion) at Tmall, while at JD.com, sales volume exceeded RMB748 billion (US\$115 billion). At its peak, Tmall was processing 583,000 orders per second on their platform. For Alibaba, it recorded a GMV (gross merchandise volume) of RMB365.3 billion (US\$56.2 billion) within the first 30 minutes of sales activity, which is roughly the entire GDP of Singapore in 2019. 342 brands exceeded RMB100 million (US\$15.4 million) in GMV in 2020, with 13 brands exceeding RMB1 billion (US\$154 million) — the top five categories being household appliances, consumer electronics, clothing, skincare and cosmetics, and shoes and bags. Live-selling was also a big hit, with over 700 live-streaming festival events organised across multiple platforms, including Douyin (TikTok) and Kuaishou. Wei Ya, a famous live-streamer had 82 million people join her festival streams in 2020's Double 11, and achieved a sales volume of RMB1.1 billion (US\$169 million).

The festival was an absolute triumph and represented a tremendous victory not just for the e-commerce platforms that participated, but also for China as a whole in view of Covid-19. It symbolised resilience among Chinese consumers and projected an image of economic strength to the rest of the world — a world still reeling financially from the virus.

11.11²⁰²⁰ Highlight



sales volume
US\$ 115,000,000,000



Consumption During Covid-19

Total e-commerce sales in China for the first six months of 2020 were up around 7.5% from last year to RMB5.15 trillion (US\$792 billion). Some of this increase can be attributable to the virus, as the first half year was when nation-wide closures of offline retail locations began, as well as when many consumers began stocking up on household necessities, with 33% of consumers buying more health-related products such as medicine, masks and other sanitation supplies.

While some consumers decided to spend more on these necessities, others were spending less due to the economic uncertainty caused by the virus; believing frugality during uncertain times was the most prudent response. Some took the opposite approach, with a

“you only live once” attitude spurring purchases of luxury items they had always wanted.

Cross-Border E-Commerce

While the majority of GMV generated during the festival were from domestic-oriented platforms, purchasing from cross-border e-commerce channels, such as Tmall Global, also saw a significant increase. Tmall Global is a platform of Tmall where international merchants (usually those without domestic Chinese business licenses) sell imported products through cross-border e-commerce. The United States, Japan, Korea and France remained the top regions for cross-border sales during the festival, with Australian merchants also performing exceptionally well in 2020— selling more than US\$1 billion (RMB6.5 billion) worth of products within the first 24 hours of the event, according to a key Australian distributor.

Selling to Chinese Consumers Online

For brands that are looking to tap into China’s over 800 million online consumers, they don’t need to wait until next November to do so as Double 11 is certainly not the only online shopping festival in China — others include: Girls and Women’s Day, Men’s Festival, “I Love You” Day, Children’s Day, JD’s 618 Festival, Red Friday, Double 12 Festival and Christmas (just to name a few). Before launching a store on one of the many domestic e-commerce platforms, however, it is important to gain some market insights firstly into your product, its category, competition and how it may be received by Chinese consumers. If your intention is to sell on the domestic (classic) version of Tmall, which enjoys exponentially more sales volume and traffic than Tmall Global, you are required to have a Chinese entity and register your products with the Chinese authorities. Logistics is also a key consideration as domestic Tmall products are usually stored inside China at Alibaba warehouses, which makes shipping fast and efficient, whereas Tmall Global products are either warehoused in their country of origin or in China Free Trade Zones and only clear customs once orders are placed. For all these reasons and more, it is extremely helpful to work with a certified Tmall TP (trading partner) who can take you through all the necessary steps and ensure you don’t run into problems down the road. At SPRG, we work very closely with top 5-star and 6-star partners. Finally, and probably most important, know that opening and operating a store (regardless of whether it is domestic or global, or on any other platform) is only your first step — sales aren’t guaranteed. While e-commerce activation in China can be very lucrative, it is also extremely competitive. This is why the most successful brands online always maintain a robust integrated marketing/advertising programme to ensure their products are cutting through the noise and positioning themselves well against competitors. 