

# 2019 11.11 Global Shopping Festival: Review and observations

FUNG BUSINESS INTELLIGENCE

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Asia Distribution and Retail

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2019 marks the 11th anniversary of 11.11 Global Shopping Festival. The shopping festival, started as an Alibaba phenomenon, has spread beyond Tmall and Taobao to other e-commerce operators, as well as bricks-and mortar stores. Below are some key results and observations.

### Key results of 11.11 Global Shopping Festival in 2019

#### Alibaba

- Gross merchandise value (GMV) reached 268.4 billion yuan (US\$38.4 billion) up 25.7% yoy and surpassing last year's 213.5 billion yuan record (nearly US\$30.5 billion).
- More than 200,000 brands from 78 countries and regions participated, with one million new products to offer.
- 299 brands reached 100 million yuan in GMV, including Apple, Nike, Estee Lauder and Giorgio Armani.
- The top 10 countries selling to China through Tmall Global were Japan, the U.S., South Korea, Australia, Germany, France, the U.K., New Zealand, Italy and Canada.
- The total number of delivery orders reached a new high of 1.292 billion, up 24% from 2018.

#### JD.com

- During 1-11 November, JD.com reported a record high GMV of 204.4 billion yuan (US\$29.2 billion), up 27.9% yoy.
- Lower-tier cities drove new customer growth, with the number of orders placed by shoppers in lower-tier cities showing an increase of 60% yoy.
- 90% of China's administrative districts and counties achieved same- or next-day delivery.
- Top five countries of imports were the U.S., Japan, Germany, Netherlands and Italy.

#### Suning.com

- Suning.com recorded 76% yoy sales growth in all of its retail channels on 11 November.
- 13,000 stores participated in the event.
- Carrefour China, which is acquired by Suning.com earlier, recorded cumulative sales of 3.12 billion yuan (US\$446.4 million) up 43% from last year.

#### VIP.com

- Xiaomi recorded sales of 6.1 billion yuan (US\$872.8 million) from all of its retail channels, up from 5.251 billion yuan a year before.

## Key observations

### Increasing participation of consumers from lower-tier cities

This year, both Alibaba and JD.com turned their focus to consumers in lower-tier cities and rural areas. Alibaba said that most of the 100 million new users participating in this year's 11.11 Global Shopping Festival came from lower-tier cities. Meanwhile, more than 70% of Alibaba's 102 million newly acquired annual active consumers were based in lower-tier cities in FY19. JD.com also reported that lower-tier cities drove its new customer growth – total number of orders placed by shoppers in lower-tier cities showed an increase of 60% yoy. Earlier, JD.com launched a group-buying social media platform Jingxi to better engage with consumers in lower-tier cities. Jingxi leverages digital marketing tools to offer incentives, rebates, and promotions to encourage online shopping. During the festival, nearly 40% of JD.com's new customers were from Jingxi, while over 70% of Jingxi users came from lower-tier cities.

### New products capture new demand

Alibaba takes "new products" as one of its major strategies for this year's 11.11 Global Shopping Festival. Alibaba included 1 million new products on its e-commerce platforms this year, and many international brands used the platforms to promote and sell new products. For example, cosmetics brand MAC sold 60,000 units of a limited-edition, just-for-11.11 lipstick in five minutes of pre-sales. Ten other global brands, including Olay and Shiseido, have committed to incubate more than 50% of their new products together with Tmall. On the other hand, JD.com has also launched its Customer-to-Manufacturer (C2M) initiatives, leveraging its data and analysis capabilities to help brands develop new products. It is reported that 90% of FMCG brands have chosen JD to launch new products.

### Using livestreaming to facilitate "see now, buy now"

Livestreaming has become an essential marketing tool for brands to connect with customers. Many customers to learn and buy new products via livestreaming sessions, especially those hosted by popular Internet key opinion leaders. For 11.11, Alibaba reported that more than 100,000 brands and merchants used livestreaming to market their products. The annual Tmall Collection show, which features "see now, buy now" technology, was livestreamed across 18 platforms and attracted a total of 87.8 million views. Meanwhile, on the first day of the pre-sales period, more than 17,000 brands started livestreaming. Xiaomi's livestreaming sessions attracted over 200,000 online viewers within the first 10 hours.

### Premium members lead consumption

A well-implemented membership program is a good way to keep customers loyal. For instance, JD PLUS, premium membership program of JD.com, saw membership surge to over 15 million. During the 11.11 Global Shopping festival, the average consumption volume by PLUS members was four times that of non-PLUS members.

### Green campaigns reduce waste and promote sustainability

Chinese consumers become increasingly environmentally conscious; both Alibaba and JD.com have committed to making e-commerce consumption greener. Cainiao has set up recycling stations across China to promote cardboard recycling. It is estimated that more than 200 million consumers participated in green logistics efforts during the shopping festival. As for JD.com, it claimed that it has prevented 40,000 tons of delivery waste via its recyclable packaging program – for example, by using slimmer tape and going paperless.

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