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Report Name: Shift in Narrative Focus as Singles Day Matures

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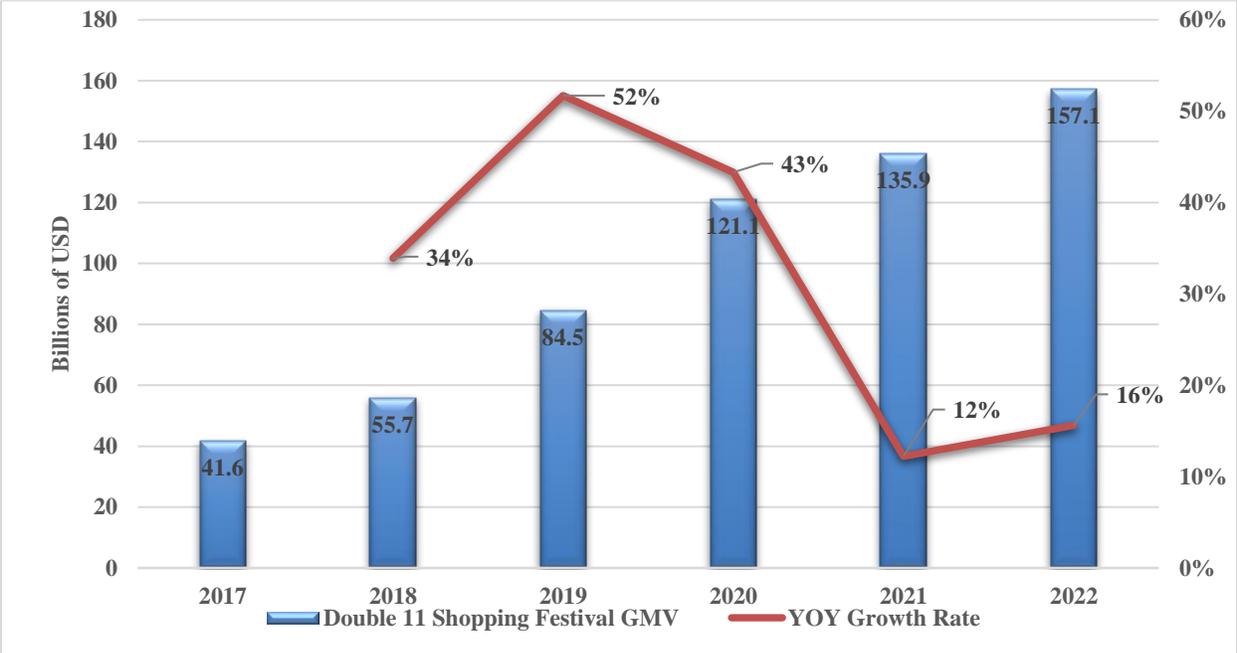
Report Highlights:

The annual “Double 11” shopping festival on November 11, otherwise known as “Singles Day,” has become the largest e-commerce sales event for consumers in China. Double 11 maintained phenomenal growth for the first 11 years, but the past two years have shown dramatically lower relative sales growth rates. Likely reasons include China’s sweeping COVID-19 control measures, macroeconomic uncertainty, and the maturation of the event. In 2022, e-commerce platforms highlighted achievements in terms of environmental protection, social value creation, and advances in improving the customer shopping experience as part of after-sales reporting. New consumer trends include preference for products that are higher quality and have long-term value, as well as rising interest in environmental protection and green consumption.

Shift in Narrative Focus as Singles Day Matures

Double 11, China’s largest annual online shopping festival that takes place on November 11, maintained rapid growth for 11 years after Alibaba initiated it in 2009 as an analog to Black Friday in the United States. In 2022, sales and marketing messaging show that the event is maturing, and its relative sales growth has tapered off. In 2021 and 2022, sales growth during the event was approximately equal to the expansion in annual online retail sales

Figure 1: Double 11 Shopping Festival GMV¹ 2017 to 2022



Data Source: Syntun

Post Double 11 Event Sales Numbers and Messaging

In previous years, major e-commerce platforms released gross merchandise volume (GMV) sales data with fanfare immediately after the sale on November 12. However, in 2022, for the first time, no platforms released GMV sales data. Instead, platform messaging focused on environmental protection, social value creation, and improvements to the customer shopping experience.

Although sales data wasn’t released, industry experts believe that Tmall and JingDong (JD) accounted for 63 percent and 27 percent of Double 11 sales, respectively. Tmall stated that its 2021 sales were in line with last year’s sales of approximately \$76 billion². While JD stated its sales exceeded its record-high value of \$49 billion reached in 2021. Livestreaming platform Douyin (TikTok’s app in China) said that its daily sales grew 156 percent year-on-year between

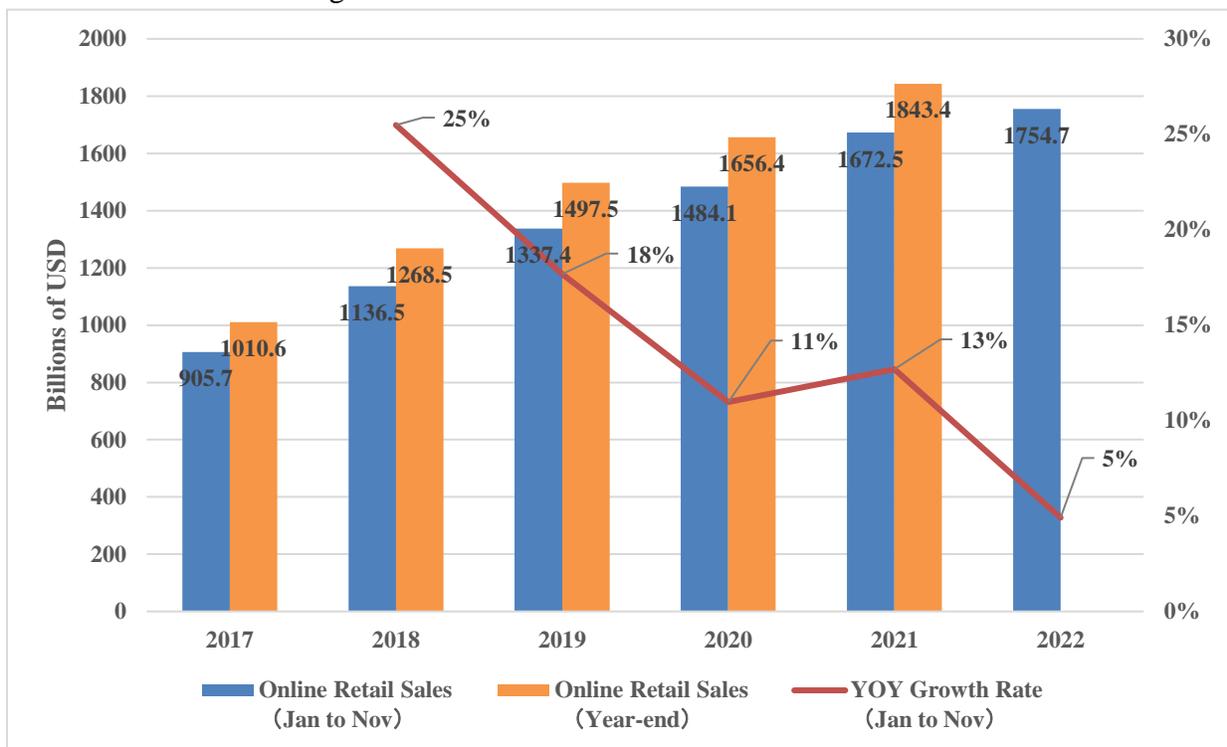
¹ Double 11 Shopping Festival refers to the period from October 31 to November 11.

² Exchange rate at 7.1 RMB to USD.

October 31 and November 11. It also reported a nearly 630 percent year-on-year growth in GMV during the first day of its Double 11 promotions, and an 86 percent year-on-year increase in the number of merchants.

Syntun, a third-party data analytics company, monitored Double 11 sales and released its own assessment. According to Syntun, from October 31 to November 11, the total GMV across major e-commerce platforms in China (only traditional e-commerce platforms and livestreaming e-commerce platforms) reached \$157 billion. Collectively, the traditional e-commerce platforms reached a GMV of \$131 billion, with Tmall ranked first, followed by JD.com. Among livestreaming e-commerce platforms, the GMV was \$25 billion, with Douyin ranked first.

Figure 2: China Online Retail Sales 2017 to 2022



Data Source: National Bureau of Statistics

Though some platforms suggested strong sales, State Post Office data showed that from November 1 to 11 in 2022, China’s national postal and courier enterprises handled a total of 4.27 billion pieces of express mail, a year-on-year decline of more than 10 percent from 2021. On November 11, 552 million pieces of express mail were handled, a year-on-year decrease of nearly 21 percent from 2021.

Industry analysts noted that repeated COVID-19 lockdowns probably influenced Double 11 sales, as well as weak economic growth and consumer purchasing power. Also, logistics disruptions caused by COVID-19 lockdowns posed additional challenges.

Growing Importance of Lifestyle Sector for November 11 Sales

While overall sales growth slowed, some specific categories showed notable change. The categories showing the highest growth rates included sports and outdoors, pets, health care, trendy toys, and jewelry, while categories such as beauty, skincare, and consumer electronics remained consistently strong.

Pet food stood out from other food and agricultural product categories during this year's Double 11 promotions, with robust sales increases. JD's released data showing that more than 500 pet-related brands doubled sales from 2021. According to the latest statistics of e-commerce platforms, the sales of pet food reached 1.909 billion RMB (\$273 million) with a year-on-year increase of 38 percent. Cat and dog treats also experienced rapid growth; cat treat sales reached 362 million yuan (\$51.7 million), a year-on-year increase of 32.73 percent, and dog treat sales reached 121 million yuan (\$17.3 million), a year-on-year increase of 31.43 percent³.

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Attachments:

No Attachments.

³ Data source: China Merchants Securities