

China Internet

Trends observed from this year's Double 11 shopping festival

For this year's Double 11 sales promotion, amid macro headwind, e-commerce platforms maintained their focus on improving user experience and driving for higher merchant engagement, with less focus on the GMV growth numbers. On consumer end, e-commerce platforms are continuously improving logistic efficiency and enhancing content ecosystem to enhance customer experience. On merchant end, platforms are optimizing traffic allocation, launching more merchant support policies, and helping brands better target on their members to achieve more cost-efficient GMV growth and improve ROI. E-commerce platforms are also deepening their deployment on industrial supply chains and proactively shouldering more social responsibilities to propel better recovery for merchants amid challenging macro. Overall consistent recovery on online retail sales GMV growth could still take time, and e-commerce platforms' strategy to focusing on operating efficiency improvement could sustain in the near term.

- **Live streaming e-commerce drove overall GMV growth.** Overall e-commerce industry GMV for Double 11 shopping festival was RMB1.1tn (8pm 31 Oct to 11 Nov 2022; per Syntun), up 13.7% YoY (2022 618 sales promotion: 8% YoY); to which horizontal e-commerce platforms (ie Tmall, JD) contributed RMB934.0bn, up 2.9% YoY (2022 618: 0.7% YoY), and live streaming e-commerce platform contributed RMB181.4bn, up 146.1% YoY (2022 618: 124.0% YoY).
- **JD.com: market share gain sustained during the shopping festival.** JD stated that its Double 11 sales promotion GMV reached historical high for this year, and sustained higher than industry average GMV growth. For reference, JD achieved YoY GMV growth of 28.6% in 2021 Double 11 shopping festival and 10% in 2022 618 shopping festival. Operation data revealed that JD has further enhanced its logistics and fulfilment capability. Per JD, mass express delivery handling capacity of its Asia No.1 smart warehouses nationwide has increased by 50% YoY during this year's Double 11 shopping festival, and the accuracy of its digital twin delivery time simulation has reached 99%. During the sales promotion period, peak user traffic visit per second on JD cloud increased by 114% YoY. JD saw steady order volume growth from lower tier cities, with home appliance orders generated from tier 4-6 cities grew 25% YoY in the first ten minutes of its sales promotion on 10 November. In addition, with optimizing traffic allocation mechanism, over 4,000 3C merchants on JD's open platform saw their respective GMV doubled in the first ten minutes of sales promotion.
- **Alibaba: Taobao Live is seeing an optimizing transaction structure with greater GMV mix generating from middle cohort.** Per Alibaba, its total GMV for this year's festival was flat YoY (2021 Double 11: RMB540.3bn with 8% YoY; 2022 618: positive YoY growth), which was in line with our expectation. Over 290,000 brands and 21mn products were included in this year's sales promotion, and GMV of 102 brands in the first hour of sales promotion surpassed RMB100mn. Alibaba shared progress on its strategy to enhance content ecosystem: during the first hour of sales promotion, live streaming GMV generated by middle cohort of KOLs increased by 250% YoY. As of 10 Nov, live streaming GMV generated by newly joined/middle cohort KOLs increased by 684/365% YoY, indicating a more diversified GMV structure and a healthier ecosystem. Also, Alibaba is helping brands better target at their members to drive for more cost-efficient GMV growth. Per Alibaba, on 1 November 2022, 82 brands saw their respective sales GMV generated from members surpass RMB100mn, and 2,700 brands saw over 50% of GMV coming from members.

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