

Alibaba smashes record by a cool \$10 billion

BY DIMITRI SOTIROPOULOS

Chinese consumers have smashed last year's record of \$23.3 billion (RMB 120.7 billion), spending over \$33 billion (RMB 168.2 billion) on Alibaba's ecommerce platforms during its 11.11 Global Shopping Festival over the weekend.

According to China's largest ecommerce giant, Alibaba Group, sales made by the thousands of retailers on its platforms for the 24-hour period on Saturday amounted to ¥168.3 billion (\$A33.3 billion), setting a new record for the company. It was 39 per cent more than sales clocked last year on Alibaba's platforms of ¥120.7 billion.

"This year, the competition was far more fierce for Australian retailers than it was in 2016," a spokesperson for cross-border platform Azoya told *IRW*.

"Major marketplaces such as JD.com, Amazon.cn, VIP, Tmall and Suning stored hot selling products from Australia including Swisse, Blackmores, A2, Bellamy, Aptamil, in advance in free trade zones or near-shore warehouses before the holiday sales, with prices very competitive and low.

"This made it much more difficult for Australian retailers to fight against, especially given the double eleven shoppers are extremely price sensitive."

For Aussie retailers, on average above 70 per cent of sales came from mobile, compared to 50 per cent last year.

On 11.11, Azoya's best selling Australian customer experienced sales 300 per cent higher compared to average daily sales before the holiday, similar to figures from last year.

"Although this year, more international brands and retailers joined in the double eleven sales, the top selling categories were still clothes/shoes, cosmetics, 3C products. We still see the main competition among Chinese brands and retailers instead of overseas products. There are still bigger chances for retailers on the upcoming Black Friday."

By comparison, American shoppers last year spent more than \$US5 billion shopping online on Thanksgiving Day and Black Friday, according to Adobe.

Shoppers also spent \$US3.39 billion on Cyber Monday last year, the largest single online shopping day in the US, Adobe said.

In China, Alibaba's main rival, online retailer JD.com, did not provide a sales figure only

for Saturday but said cumulative sales over the 11-day period starting on 1 November through Saturday totalled ¥127 billion.

Starting at midnight Friday, diamonds, Chilean frozen salmon, tyres, diapers, beer, shoes, handbags, and appliances were shipped out from JD.com's distribution centres on trucks bound for deliveries across China.

More than 140,000 merchants and brands participated in the Singles Day sales event, China's much larger answer to Black Friday in the US, including major Australian retailers, such as Chemist Warehouse.

At its peak, Alibaba Cloud processed 325,000 orders per second, and its logistics arm, Cainiao Network processed 812 million total delivery orders. The first delivery arrived 12 minutes and 18 seconds after the event kicked off at midnight on 11 November.

"More than US\$25 billion of GMV in one day is not just a sales figure," said Daniel Zhang, chief executive of Alibaba Group.

"It represents the aspiration for quality consumption of the Chinese consumer, and it reflects how merchants and consumers alike have now fully embraced the integration of online and offline retail."

Now the biggest shopping event of the year, the Singles' Day festival has expanded beyond 11 November, with many shoppers starting their sprees a week or more in

advance. Some 93 per cent of Chinese online shoppers participated in the event last year.

According to Fung Global Retail & Technology (FGRT), it is common for Singles' Day shoppers to delay some or all of their planned purchases until the festival begins. But shoppers' attitudes are changing, and they are increasingly focusing on quality rather than discounts. In addition, they are becoming more impatient about logistics problems.

"Singles' Day is renowned for the deep discounts offered by retailers, but online shoppers are no longer focusing on price alone," commented FGRT managing director Deborah Weinswig.

Some 78 per cent of survey respondents indicated that they were more focused on quality than on price when shopping during Singles' Day last year, and more than half said they believe they will have to request a refund or exchange goods purchased this year. Nearly one in three respondents reported cancelling an order last year because of delays.

"Logistics remains a key issue among survey respondents, and, if not tackled properly, could lead to a drop in sales this year – 32 per cent of surveyed shoppers say they have cancelled all or part of past orders due to long waiting times," Weinswig added. **IRW**

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