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Global Agricultural Information Network

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Singles Day and China's Growing Love for eCommerce

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Report Highlights:

The world's biggest shopping day of the year occurs every November. This year, however, that day was not Black Friday or Cyber Monday. It was Singles' Day, a previously obscure Chinese holiday that has skyrocketed in economic importance thanks to savvy marketing by Chinese e-commerce companies and a growing appetite for online shopping by China's increasingly tech-savvy population. On November 11, 2013, Chinese online retailers sold \$8.2 Billion USD in products on Singles' Day.

Executive Summary:

Singles' Day promotions have proven to be highly successful. Shanghai Agricultural Trade Office and the Alaskan Seafood Marketing Institute identified several local seafood importers and processors who sold more than \$1 million USD of king crab, black cod, spot shrimp, and haddock on Tmall through Alibaba's Singles' Day Promotion. In total, U.S. suppliers sold 8 tons of Alaskan seafood during the online holiday promotion, with all of the king crab selling out almost immediately. All in all, U.S. exporters sold almost 50 tons of seafood in the several weeks of the online promotion surrounding Singles' Day.

General Information:

The world's biggest shopping day of the year occurs every November. This year, however, that day was not Black Friday or Cyber Monday. It was Singles' Day, a previously obscure Chinese holiday that has skyrocketed in economic importance thanks to savvy marketing by Chinese e-commerce companies and a growing appetite for online shopping by China's increasingly tech-savvy population.

On November 11, 2013, Chinese online companies sold a total of about 50 billion (US\$8.2 billion) in merchandise during that 24-hour period. In particular, China's largest e-commerce company Alibaba Group Holding Ltd sold a record 35 billion yuan (US\$5.75 billion) through its two main web platforms Taobao and Tmall. This represented an increase of more than 80 percent from the US\$3.1 billion sold during the same period in 2012. Meanwhile, the Chinese websites JD.com and autohome.com also accounted for 9.8 billion yuan (US\$1.6 billion) and 2.6 billion yuan (\$433 billion) in sales respectively. In total, Singles' Day sales were more than five times the \$1.5 billion sold during last year's Cyber Monday, the United States' biggest online shopping day of the year.

According to Xinhua News, sales on Singles' Day alone generated a record 180 million parcels, up 85 percent from the same day last year. Of those packages, more than a third were shipped the day. Meanwhile, the Chinese State Postal Bureau predicted that the total number of packages would surpass 323 million by the end of that week.

Curiously, this massive shopping day does not correspond with any of China's traditional major holidays, such as Chinese New Year or National Day, but rather Singles' Day. Like a reverse Valentine's Day, this light-hearted event was first organized in the early 1990s by a group of male college students in Nanjing who wanted to commiserate and celebrate their bachelorhood.

The date November 11 was chosen because of the association of the number 'one' with being single. The holiday quickly became popular among younger Chinese, especially men, and spread to other schools and universities before becoming a national phenomenon among men and women of all ages. Younger Chinese mark the occasion by throwing parties for their single friends, going out to Karaoke, or participating in group-organized blind dates.

In the last several years, the holiday has also become more and more commercialized, with domestic retailers using the opportunity to launch promotional sales events targeted at single Chinese or, increasingly, at the wider population regardless of relationship status. The most well-known of these

sales events is Alibaba's, which first launched the promotion in 2009 with 27 vendors marketing their products through the Tmall website.

Much like Amazon.com in the United States, Tmall is a web platform that allows authorized merchants and vendors to market their products directly to consumers. This is in contrast to Alibaba's other major e-commerce website, Taobao, which functions more similarly to eBay by allowing direct consumer-to-consumer sales. Alibaba originally introduced Tmall in 2008 as Taobao Mall before dividing Taobao and Tmall into independent websites in 2010. Together, Alibaba's e-commerce platforms account for an impressive 80 percent of e-commerce in China.

These Singles' Day promotions have proven to be highly successful, with Alibaba almost doubling its sales each of the last few years. Motivated by Alibaba's record sales, other Chinese retailers and e-commerce companies have gotten into the game by holding their own Singles' Day promotions. Meanwhile, many international companies have also sought to boost their sales in China by selling their products through Chinese e-commerce websites such as Alibaba's Tmall. As of 2013, there were 20,000 Chinese and foreign brands marketing their products on Tmall during the Singles' Day sales event. This included numerous major American brand names such as Nike, Gap, Proctor & Gamble, Toys "R" US, and Forever 21, among others.

These merchants also included a number of smaller-scale American producers and exporters. For example, the Shanghai Agricultural Trade Office and the Alaskan Seafood Marketing Institute identified several local seafood importers and processors who sold more than \$1 million USD of king crab, black cod, spot shrimp, and haddock on Tmall through Alibaba's Singles' Day Promotion. In total, 8 tons of Alaskan seafood were sold during the holiday promotion, with all of the king crab selling out almost immediately. This followed almost 50 tons of seafood that were sold in the several weeks leading up to Singles' Day.

Meanwhile, other foreign competitors are also getting in on the action. For example, Chilean producers have reported success in selling cherries, blueberries, and seafood via the Tmall platform. Other U.S. agricultural exporters are naturally eager to take advantage of this e-commerce platform. Notably, Tmall has agreed in the coming months to establish an American Food and Beverage Pavilion on Tmall, which will include various fresh and frozen products. Since December 2012, Tmall promotions of American food products have included U.S. pork, seafood, and Washington State pears.

Despite its recent origins, Singles' Day has quickly surged in prominence to become the world's biggest shopping day, trumping both Black Friday and Cyber Monday in the United States as well as the more traditional Chinese shopping holidays of Spring Festival and National Day. Notably, much of this shopping is increasingly done via smartphones and mobile devices. According to Alibaba, mobile sales accounted for \$877 million, or more than 20 percent, of the company's \$5.7 billion haul during the 24-hour period.

Mainland China's growing appetite for e-commerce is expected to continue to significantly outpace the United States' in the coming years. According to the New York Times, global consulting firm Bain is predicting that online shopping will continue to grow at an annual rate of 32 percent between now and 2015. Going forward, Singles' Day and other promotional holiday events represent a large and growing opportunity for American companies and vendors to expand their sales and e-commerce footprint in China. Websites such as Tmall and Taobao provide a useful platform for

American exporters of all sizes and in all sectors to market their products directly to China's growing numbers of online consumers. Next year, sales during this 24-hour period are expected to easily exceed US\$10 billion.