Pulse of China

Double 11 2024

What does China’s biggest shopping festival tell us about consumers and the economy?

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Shifting goalposts, ever growing numbers – is Double 11 really growing?

11.11 – cleverly titled as Singles Day when Alibaba launched it as an online sales festival many years ago, has now become a lot broader than it was. Every major ecommerce channel now has a significant shopping festival at this time and every one of those refers to it as Double 11.

Apart from becoming broader, the shopping window has also become longer. From an original 24 hour window it has, over the last few years extended to days and weeks, and starting this year to almost a month. Ali's Tmall and Taobao platforms launched the festival on Oct 14 – 10 days earlier than in 2023. Technically, therefore, the sales window was about 50% longer than it was last year. (Many marketers think that, rather than growth, this represents consumers changing their purchase patterns for consumption over a longer period).

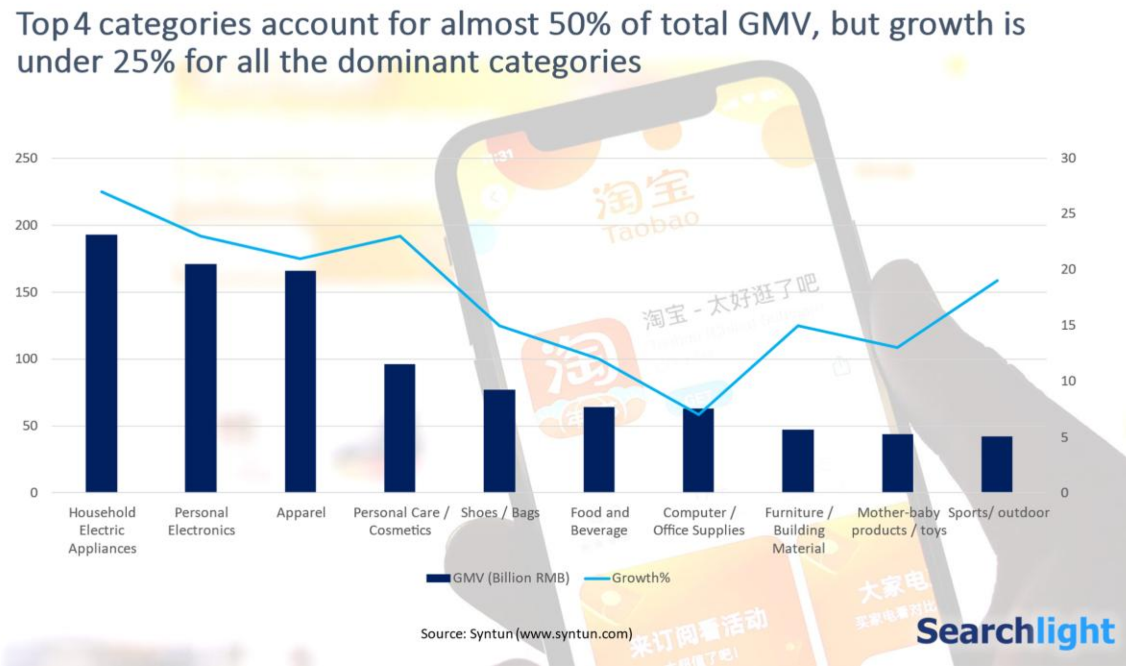
Now, against, that, Syntun (www.syntun.com) reports a 26% increase, with a projected total GMV of 1.44 trillion RMB. Is that growth, given the extended time window for the festival? I suspect the platforms and many marketers will argue that the extra 10 days merely allow consumers and logistics providers to plan better, but that 11.11 is the kind of event that consumers wait for and the extended window doesn't increase potential sales. *(Incidentally, in the absence of any data from the platforms, 3rd party sources like Syntun are the only source of data – there is an alternate report that claims a total online sales of 1.9 trillion RMB but only 9% growth over 2023, which we have disregarded since it seems less reliable).*

However, since 2021, JD and Alibaba have stopped releasing their total sales figures – a sign that perhaps trends aren't as rosy as they'd like to predict and that China's obsession with the big shopping festivals had reached its peak a few years ago.

Interestingly, of the 1.44 trillion RMB GMV, 333 billion comes from livestreaming e-commerce, a 55% increase over 2023, while "traditional" e-commerce grew 20%. Douyin (Tiktok) is the top 1 platform among livestreaming e-commerce. That would show the power of livestreaming ecommerce where typically, KOLs appear promoting brands and driving instantaneous consumer responses. Conventional e-commerce, which is driven more by consumers going and searching for what they want (although generously pushed by in-channel advertising) would appear to be relatively stagnant given that the purchase period is so much longer than it was a year ago for only a 20% growth in GMV.

Also, when we look at the top categories, none has grown over 25% - which, given the ever extending window for Double 11 starts to bring into question how much real growth is taking place in these categories in term of long-term consumer demand. Appliances and personal electronics dominate sales, not surprisingly since big-ticket purchases are typically made when it is known that brands will offer the most discounts. That tends to be the case also for accessories and personal care, after which the numbers fall away quite rapidly for the rest of the categories. The categories on this graph represent about 2/3rds of the total GMV reported for Double 11 2024.

Juxtaposed against consumer data that shows steady, if low growth, in retail spending, this suggests that the momentum behind shopping festivals is not increasing. Consumers are being choiceful about certain categories where the promotions make a big difference, but are not necessarily saving up a big chunk of their ongoing purchases for the shopping festivals.



Consumer retail sales in 2024

On a related topic to Double 11, we looked at data from the [National Bureau of Statistics, China]() on total retail sales of consumer goods across March to September in 2023 and 2024. Clearly, the economy is growing slower in 2024 and the comparison to data from a year ago show low growth numbers, although all still positive.

What is interesting is to see some of the very high growth numbers in 2023 – a year further back from that was when many cities came out of lockdowns, retail businesses reopened and life got back to normal. 2023 looked like a boom year as consumer spending recovered, and 2024 is looking slow only by comparison to that.

While the heady growth of earlier years hasn't come back, it is heartening to see steady, if low, growth in retail sales of consumer goods against a more typical base from 2023.

A closer look at 11.11 on Douyin

Douyin (Tiktok outside China – although the platform itself works differently in China than in the rest of the world) is the 3rd largest ecommerce platform in China. However, as you probably know, its not a dedicated ecommerce platform and as such, has a very different model for engaging consumers and then driving transactions. Given that, we thought it would be interesting to take a closer look at what happened on Douyin this 11.11.

When we look at the top 10 brands in 28 monitored categories and compare that with 2023, we see a clear trend towards famous brands and brands that focus on building long-term equity starting to win with consistency.

[4 Trends on Douyin during 11.11 Shopping Festival 2024]

On Douyin, in 14 out of 28 monitored categories, the top brand from Double 11 in 2023 was still on top during Double 11 2024

Category	Top Brand (2023 and 2024 11.11 festival)
Snack/ nuts	Three Squirrels
Convenient Instant Food (incl. Frozon Foods)	Baixiang
Wine/Alcohol	Kweichow Moutai
Sportswear	FILA
Outdoor/Camping/Hiking Equipment	Camel
Sports shoes	NIKE
Female Shoes	DAPHNE
Male Shoes	WARRIOR
Baby/ Toddler/Children Shoes	Anta Kids
Menswear	ROMON
Womenswear	YAYA
Beauty Tool/Electronics	JIMENG
Pet Foods	Myfoodie

Douyin used to be seen an opportunity for small business to challenge big brand with low price, however, we have seen that once big brands focus on this platform, they succeed best by leveraging and growing their brand equity. Advice for the transactional brands is that once they win some initial consumers and momentum, business owners should also invest in building a real brand, occupy an unique, irreplicable position in consumers' mind. In the long run, this is the route to building repeat purchase and sustainable business growth.

About Searchlight Consulting

Set up in early 2020, Searchlight is a boutique management consulting firm headquartered in Shanghai. We focus on helping brands understand and prioritize their opportunities and overcome their barriers to growth. We do this by working closely with our client teams over an extended period of time, facilitating their process of decision-making, building capability by guiding and training their teams, and also helping with organization redesign if necessary.

Our team of 14 associates covers a wide range of specialist areas – business management, brand management, marketing, communication, media, HR, CRM, sales management, technology. Each of us has at least 20 years of work experience, a large part of that in China

We coach and assist client teams to make quality decisions for the business. We also assist in the design of organizational processes and financial models, especially building internal and external capabilities for strategy implementation.

We've worked with both international and local brands, startups, and public listed companies - J&J, Hollister Medical and Pandora as well as SUNNER Foods (a listed food processing company that has become one of the fastest growing B2C brands now) and startups like Little Ondine, LeBunna and Youxin coffee. For more about us visit www.searchlightchina.com