



GLOBAL SHOPPING FESTIVAL 2017

- Alibaba's 11.11 Global Shopping Festival, hosted annually on November 11, is the world's largest 24-hour online shopping event.
- The event began in 2009 with RMB 52 million (US\$7.6 million) in sales. It has evolved from a 24-hour sales event to a 24-day global shopping and entertainment festival, generating US\$17.8 billion (RMB 120.7 billion) in GMV in 2016.
- 11.11 is more than 18 times the size of Amazon Prime Day and 2.5 times bigger than Black Friday and Cyber Monday combined.
- What truly sets 11.11 apart is how Alibaba is leveraging innovative technologies combined with the scale and reach of Alibaba's entire ecosystem to bring the future of retail to life for Chinese consumers and brands.

2016 KEY METRICS

- Total **GMV** settled through Alipay was **US\$17.8 billion**, an increase of 32 percent compared to 2015
- Total **mobile GMV** settled through Alipay was **US\$14.6 billion**, representing approximately **82 percent of total GMV**, compared to 69 percent in 2015
- Alibaba Cloud processed **175,000 orders per second** at peak
- Alipay processed more than **one billion payment transactions** in total, and processed 120,000 transactions per second at peak
- Cainiao Network processed more than **657 million delivery orders**

GLOBAL HIGHLIGHTS FROM THE 2016 GLOBAL SHOPPING FESTIVAL INCLUDED:

- 235 countries and regions with completed cross-border transactions
- 37% of total buyers purchased from international brands or merchants
- Top countries selling to China by GMV: Japan, US, South Korea, Australia, Germany
- Top US brands by GMV included: Apple, Nike, New Balance, Playboy, Sketchers
- Top European brands by GMV included: Siemens, Philips, Adidas, Jack Jones, Only

2017: THE ENTIRE ALIBABA ECOSYSTEM (ECONOMY) AT SCALE

- **Unprecedented Scale:** More than 140,000 brands will participate in 11.11 in 2017, offering 15 million quality products
- **Global Presence:** More than 60,000 international brands will offer popular items from authentic autographed sports memorabilia to fresh foods and produce to half a billion Chinese consumers
- **Consumer Reach:** Over 600 million consumers in SEA can access "Taobao Collection" via Lazada
- **New Retail:** Over 1 million merchants will utilize various online-offline integrations to enhance merchant operations and create exciting engaging consumer experiences
- **Smart Stores:** More than 1,000 brands will convert over 100,000 physical locations into "smart stores", 600,000 LST corner stores and 30,000 Rural Taobao Service Centers

- **Logistics Network** Cainiao expects over 3 million logistics personnel to deliver over 1 billion packages. Alibaba’s logistics partners will launch chartered flight delivery services from over 10 countries in North America, Europe and Asia

NEW RETAIL

- “New Retail” is Alibaba’s strategy to redefine commerce by enabling seamless engagement between the online and offline worlds.
- In China, e-commerce accounts for around 18% of total retail. With “New Retail” we want to bring our data and technology capability to work with and digitally transform the 82% of offline retail.
- Our goal is not to get into the brick-and-mortar retail business, but rather to help brick-and-mortar operators restructure and enhance their operations, including customer experience, inventory management and retail spaces, to enable them to succeed in the digital era.

NEW RETAIL EXAMPLE: HEMA

What is Hema? Hema is an example of the New Retail model which Alibaba has successfully incubated over the years, revolutionizing the grocery industry and truly blending the online and offline shopping experience.

How does it work? Hema has digitalized the entire store providing consumers with a 3-in-1 retail experience that encompasses all modes and desires of modern urban shoppers including technology-driven fulfillment of online delivery, seamless in-store purchases and in-store consumption. Consumers can not only make orders online, but can scan every product in store to find information about it. In turn, Alibaba can leverage consumer data, including purchasing habits and history and store visits to provide a more personal experience to each consumer.

Why is it relevant? The power of Hema is the integration with Alibaba’s ecosystem (Tmall, Taobao, Alipay, Cainiao), enabling a seamless online and offline experience and transforming the retail experience. For example, Hema will work with Cainiao to bring fresh foods and produce already sold through Tmall directly to Chinese consumers in supermarkets.

- 2017 is the inaugural year for New Retail and this year’s 11.11 will allow us to experience what the future of retail could look like at scale. Examples include:

SMART STORES

- Around 100,000 new retail smart stores, available in 31 provinces and 334 cities, allow merchants to leverage data insights to deliver a more tailored shopping experience. Features of the stores include:
 - » Innovative technologies like RFID and “cloud shelf,” facial recognition, mobile gamification
 - » Location-based store and discount recommendations available to consumers through their Tmall/Taobao apps, helping drive foot traffic to offline stores
 - » Online coupons paid for at offline locations through Taobao/Tmall QR code, helping merchants track consumer’s shopping journey between online and offline
 - » Easy integration of online/offline memberships in order to gain access to member-only discounts and services

- Brands include: Gap, Bose, Casio, C&A, Vero Moda, Jack Jones, Miss Sixty

POP-UP STORES

- Tmall will open 60 pop-up stores in 52 malls in collaboration with more than 100 domestic and international brands such as P&G, Estée Lauder (MAC, Clinique and La Mer), Beats, Siemens, Wyeth, Unilever, Casio, L’Oreal, and Lego in 12 cities such as Beijing, Shanghai, Guangzhou throughout China.
- The stores will curate consumer experiences specific to the brands and products. Features include:
 - » **Magic Mirror:** enabling consumers to try on apparel and makeup items virtually
 - » **AR product info display:** scan images to visit product listing page and gain coupons
 - » **Vending machine:** consumers can buy items like lipsticks without visiting cashiers

LST CORNER STORES

- LST, which means “Retail Integrated” in Chinese, is designed to help over 6 million mom-and-pop corner stores leverage data and technology to enhance their business operations.
- LST provides the following solutions for neighborhood convenience store owners:
 1. **Smart Merchandising.** By evaluating data based on consumer purchasing habits in local communities, LST is able to predict and recommend the most in-demand merchandise specific to each neighborhood.
 2. **Implementation Consulting Services.** LST also offers consulting services through “City Partners,” who work directly with store owners to digitize their businesses in terms of merchandise, logistics and payment.
 3. **Product Expansion.** LST enables stores to carry popular convenience store items such as top-up services (e.g. mobile phone, data services and gas stations) and cooked snacks.
 4. **Microloan Financing.** To alleviate cash flow pressure, store owners with Sesame Credit higher than L3 can pay for merchandise order 36 days AFTER receiving the products.
 5. **Smart Logistics.** LST guarantees next-day delivery from city warehouses and two-day delivery from regional warehouses.
- As part of the LST initiative, Alibaba has launched the “Tmall Corner Store” franchise. For stores with monthly merchandise volume over 10,000 yuan (US\$1,500) in locations with higher traffic, owners can opt to brand themselves under this franchise. During 11.11, these 4,000 Tmall Corner Stores are at the frontline for global FMCG brands.

RETAIL AS ENTERTAINMENT

For Chinese consumers who are predominantly young and mobile-savvy, shopping is about much more than passively adding items to your ‘virtual cart.’ It is a social activity, a means of consuming content, and ultimately a form of entertainment. Activities this year include:

“SEE-NOW BUY-NOW” FASHION SHOW

- Leveraging Chinese consumers’ interest in livestreaming, Alibaba created the first “See Now, Buy Now” online fashion show in 2016 to showcase global fashion brands and create an occasion for brands to engage with consumers.

- The show features major fashion brands such as LVMH (Guerlain, Rimowa), SMCP (Sandro, Maje, Claudie Pierlot), and Estée Lauder (MAC) and international brands such as Adidas, Pandora, Ray-Ban, Furla, Polo Ralph Lauren, GAP, Levis and Victoria’s Secret alongside Chinese designers like Dong Liang, Daphne and Erdos.
- Viewers will do more than just watch the show on television, they will socialize and interact, while also shopping on their mobile phones and saving items for check-out on 11.11.
- Beginning October 28, consumers will have access to a “Virtual Fitting Room” where they upload photos of themselves and “try” items virtually to visualize their new look.
 - » Brands with products available for virtual fittings include: Polo Ralph Lauren, Victoria’s Secret, GAP/Old Navy, Guess, Adidas, G-Star, Fila, Kappa, Levis and Erdos
- The 2017 “See-Now Buy- Now” Fashion Show will be broadcast across 7 channels, including Beijing TV, online video platform Youku, social channel Weibo and shopping apps Tmall and Taobao.

PRE-SALE CONSUMER ENGAGEMENT:

- During the 24-day pre-sale period, Alibaba and brands partner with key influencers, celebrities and media to engage with consumers in fun and compelling ways, including through mobile games, which turns online clicks into traffic at brick & mortar stores.
- Through these interactive games shoppers are encouraged to add merchandise to shopping carts ahead of Nov 11, which enables brands to better plan inventory. Highlights of the pre-sale activities include:
 - » **Augmented Reality Mobile Gamification:** The Tmall “Catch the Cat” game will allow consumers to earn special promotion coupons and prizes every time they catch the “Tmall mascot” via Alibaba’s Taobao and Tmall apps, encouraging more online shoppers to visit brick and mortar stores. 65 brands such as Mac, L’Occitane, P&G, Disneyworld, Pizza Hut and KFC are participating the campaign through the smart stores across China.
 - » **Red Envelope Torch Relay:** A lottery pool of 250 million yuan (\$37.8 million) will be shared among Chinese consumers through a mobile game in the form of red envelopes.
 - » **Interactive City:** Consumers will answer trivia questions powered by Alibaba’s AI voice assistant Tmall Genie to win prizes and special perks offered by 3,000 brands.
 - » **11.11 Team Battles:** Shoppers can team up with friends to win discounts and coupons.

11.11 GLOBAL SHOPPING FESTIVAL GALA CELEBRATION:

- The 11.11 Global Shopping Festival Gala Celebration, held on the evening of Nov 10, will be broadcast live by its official media partners including Zhejiang TV, Shenzhen TV and Beijing TV in Shanghai’s Mercedes Benz Arena.
- The Gala will be directed by Hollywood producer David Hill for the second year in a row, creating a new interactive experience between mobile, TV and streaming platforms that transcends Internet entertainment, featuring world-class production crews and celebrities.

POWER OF CHINA CONSUMERS / GATEWAY FOR INTERNATIONAL BRANDS

- Rising consumer spending power coupled with a growing desire for higher-quality goods and services is shaping a new generation of Chinese consumers.
 - China’s middle class has aggregate net cash reserves of more than \$4.6 trillion.
 - Alibaba’s platform serves as a “Gateway to China” for international brands and merchants.

- Alibaba’s deep understanding of Chinese consumers and their spending habits helps brands better target their key audiences and succeed in the China market through our integrated platform and technology.
- More international brands will be participating in this year’s 11.11 in various ways:
 - More than 60,000 international brands will be available to the half a billion Chinese consumers visiting Alibaba’s platforms. As of June 2017, there are more than 7,000 U.S. brands on our platform. Examples include:
 - » **Nestle:** One of the first international brands to embrace New Retail, creating an omni-channel “one-set inventory” to optimize supply chain and logistics operations.
 - » **P&G:** Fully taps into Alibaba’s ecosystem to create an integrated shopping experience and open new markets for brands such as Tampax, Oral B and SK II.
 - » **Mondelez:** Partners with Alibaba to help digitalize the corner stores of China and launched its Oreo Music Box 2.0 with Tmall based on customer insight – the company’s exclusive limited offer for 11.11.
 - » **Estee Lauder:** MAC is the beauty partner for Tmall’s See Now Buy Now fashion show on Oct 31.

CHINESE BRANDS GOING GLOBAL

- Alibaba Group officially announced the launch of Tmall World in June this year as part of its globalization strategy. Tmall World aims to connect the 100 million strong overseas Chinese market worldwide with 1.2 billion products offered by brands and merchants through the Group’s flagship social commerce app Mobile Taobao and online platforms such as world.taobao.com.
- In order to help merchants and brands on Alibaba’s platforms to seamlessly extend to the global Chinese market, Alibaba will provide end-to-end solutions including logistics, payment, and localization support catering to each local market’s needs.
- The priority markets to come under the program are Hong Kong, Taiwan, Singapore and Malaysia. Some of the recent localization initiatives included the launch of Tmall Supermarket in Hong Kong and door-to-door furniture delivery and assembly in Singapore and Malaysia.
- As part of this year’s 11.11, Tmall World are supporting 100 Chinese Brands including HLA, Peacebird, Pechoin, Gree, Haier, Joyoung and Shanghai Jahwa who will offer special promotions to the Chinese consumers in the Asia region.

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