



“618 Mid-year Shopping Festival” from Taobao and Tmall Empowers Brands to Go Deeper in China

Event targets less-developed areas of China with 1.5 million new products and special promotions

Hangzhou, China, June 3, 2019 – Alibaba Group (NYSE: BABA) has kicked off this year’s “618 Mid-year Shopping Festival” from Taobao and Tmall, empowering brands and merchants to tap into China’s less-developed regions with 1.5 million new products and multiple promotional initiatives.

This year’s festival aims to engage customers in emerging cities, counties and villages across China. To do so, Taobao and Tmall are boosting promotional resources to elevate excitement and help brands reach this rapidly growing market. Altogether, over 200,000 brands and retailers will participate in the shopping event.

“618 Mid-year Shopping Festival” from Taobao and Tmall officially started on June 1 and will last until June 18. Within the first hour, from midnight to 1:00 a.m., gross merchandise volume (GMV) exceeded that of the first 10 hours last year. And at 11:23 a.m., less than 12 hours after the start, total gross merchandise volume (GMV) surpassed last year’s full-day figure.

Branded products are so far proving extremely popular. Top brands like Apple, Xiaomi, Haier, Aux, Midea, L'Oreal, Lancome, Nike and Adidas each notched over RMB100 million in sales in the first hour. Among them, Apple sold over RMB100 million worth of products in two minutes and 45 seconds, while Midea and Nike both hit that mark in four minutes.

Capturing the Potential in Less-developed Regions in China

“In addition to rising discretionary spending, consumers in China's less-developed regions are becoming more-sophisticated shoppers who are looking for lifestyle upgrades. This increased consumption potential could mean bright prospects for our merchants. People in these areas might have less access to physical shopping facilities than those in big cities, and this year we are working closely with our partners to address their needs and offer them the same good quality products on our platforms with innovative and fun programs,” said President of Taobao and Tmall Jiang Fan.

The number of people living in smaller cities and rural areas accounts for nearly 70% of China’s total population, according to Chinese market-research firm Analysys. These consumers are catching up with first- and second-tier markets in valuing quality over price. Tmall’s figures also show that over half of the sales generated on its Luxury Pavilion comes from customers outside China’s first- and second-tier cities.

In view of this trend, Taobao and Tmall are leveraging Alibaba Group’s ecosystem and technology and an array of innovative marketing channels and tools to build momentum from early June, leading up to the 618 Mid-year Shopping Festival. Key initiatives to offer opportunities in fast-growing markets and enhance customer engagement include:

Tmall product debuts. About 1.5 million products will debut on Tmall during the festival with customers enjoying heavyweight promotional offers on these items. Many were developed by brands on an accelerated cycle, thanks to consumer insights provided by Tmall. In addition to deals on the 1.5 million new products, brands are offering millions of other products at a discount. All products are available to consumers nationwide, but brands are paying special attention to the needs and desires of customers in lower-tier Chinese cities.

Flash Sales. Alibaba's flash sales channel, Juhuasuan, allows brands to offer deep discounts to reach new customers in fast-growing markets. Juhuasuan will organize dozens of 618-themed group-selling campaigns featuring must-buy items recommended by brands. Statistics show that Juhuasuan is a tried-and-true channel for brands to attract first-time buyers. Since 2018, 80% of the transactions for branded goods through Juhuasuan were from these brands' first-time buyers, and nearly half were from lower-tier cities.

Taobao Livestreaming. Few marketing tools have proved more effective than livestreaming for brands to introduce and recommend 618 products to potential consumers in less-developed regions. In 2018, sales generated by Taobao Livestreaming exceeded RMB100 billion. This year, U.S. brands, including Stadium Goods, the streetwear and sneaker resale store backed by LVMH Luxury Ventures, Korean beauty brands, like Laneige and Innisfree and Japanese cosmetics brands Shiseido will host livestreams for 618.

Daily Deals. This channel on the Taobao app provides special offerings directly from manufacturers and is highly popular among consumers from less-developed areas in China. Equipped with insights from consumer preferences and behaviors, manufacturers are able to adjust their production processes on a real time basis to meet the consumers demands. These manufacturers will introduce 100,000 promotional items for the 618 celebration.

With an extensive reach of 654 million annual active consumers in China, strong technical support and in-depth market knowledge, Alibaba's ecosystem offers strong growth potential for brands. Its platforms also allow easy access to high-quality products for consumers in less-developed cities around China.

Alibaba Group's 2019 annual results reflect that growth potential, with more than 70% of the over 100 million new active users added during the year ended March 31, 2019 coming from less-developed cities.

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About Alibaba Group

Alibaba Group's mission is to make it easy to do business anywhere and the company aims to achieve sustainable growth for 102 years. For the fiscal year ended March 31, 2019, the company reported revenue of US\$56 billion.

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