

THE CHINA LETTER

Jack Ma's Singles Day: Unleashing China's Latent Consumerism

Alibaba, the Chinese company recently gone public, has been in the news a lot these days. The following provides a snapshot of this organization's impact.

On the ground here in China, the days leading up to the sixth annual Singles Day were focused mayhem. WeChat and Weibo, two Chinese social media giants, teemed with Singles Day-related articles, lists, advice, and commentary. The Internet exploded with group chats formed to scour for the best upcoming deals. On Singles Day Eve, everyone in China seemed to be standing by phones or computers, waiting to push all their bookmarked items into the checkout bin. Masses of Chinese buyers had saved an entire year of big-purchase shopping for November 11. The clock struck 12, and the shoppers were unleashed.

An hour later, over \$2 billion in e-commerce sales had gushed through Alibaba's Taobao, Tmall, AliExpress, and Tmall Global. By the end of the day, Alibaba had made \$9.3 billion in sales. Singles Day purchases nearly tripled the combined numbers for two of America's biggest shopping days, Cyber Monday and Black Friday. Just weeks after a record-breaking \$25 billion IPO in the United States, Alibaba and its Executive Chairman, Jack Ma, had once again made history.

In the 23rd hour of this year's Singles Day, Ma stood before a crowd of employees and reporters and proudly proclaimed, "Witness China's

internet shopping and consumer demand.... Today, we can see power and vitality within that demand. We've just used a novel way to bring that demand to the surface."

The question many were asking was, how had they moved China's notoriously begrudging consumers to splurge? What do Jack Ma and Alibaba know that the rest of the world does not?

Selling Solutions for Singles

Singles Day derives from the holiday 光棍节, *Guanggunjie*, which translates literally to Bare Branch Day. The four lonesome ones in the date November 11, or 11/11, represent those without a significant other, bare branches as yet without a family tree. (It was the West that coined the less-poetic term Singles Day.) The holiday originated in China during the '90s among a group of college bachelors who gathered to express solidarity, drink, and lament their lack of a girlfriend or wife.

By choosing to build its major consumer holiday around Singles Day, Alibaba engaged a massive and uniquely motivated consumer core: China's 249 million unmarried men and women over the age of 18. Although this was an untraditional foundation on which to launch a new holiday, Alibaba knew that those millions of singles would be exceptionally motivated to buy, since Singles Day leverages a hard truth of Chinese life: the unrelenting pressure to pair off.

One of a series of occasional letters from The Dilenschneider Group about Chinese culture. This was prepared by Zak Dychtwald, a recent Columbia University graduate currently residing in Chengdu, Sichuan where he is writing a book about China's new youth generation titled Jiu Ling Hou (Born After 1990).

In China, there is no heroic narrative for the independent single person, nor is there acceptance for the “fierce individual.” To illustrate, women over the age of 27 who are unmarried are often pegged as *生女*, *sheng nü*, or “leftover ladies.” China does not have a centralized religion, but, as a vestige of Confucianism, family and family creation lie at the center of the social system. In the Chinese blogosphere, pressure to pair off is often described as “consuming,” “nerve-impairing,” and, “gnawing.”

Selling Stability, Half-Off

The solution Alibaba offers is based on what buying can signify in modern Chinese culture. Every dating site and marriage market will post three basic statistics about a person: age, height and income. There are no taboos against asking on a first date how much someone makes. Short of that, the next best metric for assessing someone’s financial stability is the quality of the products he or she owns. Singles Day enables people to overhaul their personal brand at half the price.

A college pundit at Sichuan University, one of the best universities in western China, summarized it neatly: “Alibaba and Singles Day are really a long-term strategy. We Chinese are family-oriented and for that, a guy needs a girl. Girls like guys with nice things. Nice things mean good income. Good income means you can provide a stable life. Everyone wants a stable life. So I bought this stupid iPhone.”

New Year, New You

After converting China’s single people into a consumer core, Alibaba’s next strategic masterstroke was the timing. Singles Day lands just months before China’s most important holiday, *春节*, *Chunjie*, or Chinese New Year.

Though the date rotates with the lunar calendar, Singles Day will always be the last big buying opportunity right before the holiday. And the New Year is also the only time nearly every person in China returns to their hometown and family. In fact, it marks one of the largest human migrations on earth: 3.6 billion one-way passenger train tickets were booked last year for the festival.

As you might expect, unmarried people often dread going home to face the fierce judgment of parents and community. Singles Day offers two forms of possible relief. First, through their purchases, bachelors and bachelorettes can make last-ditch efforts to find a girlfriend or boyfriend. Second, the purchases can improve a person’s appearance and thus influence the way his or her life in the big city is perceived. People often marry someone from their hometown, and so Singles Day offers an opportunity to impress the neighbors at half the price.

Those are Singles Day’s distinguishing characteristics among a pack of consumer holidays being foisted on the Chinese public. And from its beginning in 2009, the Day has only gained momentum. In the first year, there were just 27 vendors and \$8.2 million in sales. Just three years later, Singles Day pulled in \$3.1 billion.

Not Just for Singles Anymore

After Singles Day 2012, Alibaba added a new twist: It stopped marketing just to singles. Jack Ma realized that the drive for purchasing *things* was more than enough to make the holiday explode. After all, China has 360 million online shoppers, a number that eclipses the entire population of the United States. And just as many non-Christians in the West celebrate Christmas, married couples in China decided they, too, could get in on

Singles Day. So in 2013, Alibaba reinvented Singles Day to be simply about shopping. The holiday became known only as “双十一,” 11/11, a directionless but also limitless reiteration of the date on which it is held. No one batted an eye at the change, and sales tripled.

This expansion has succeeded because of China's growing consumerism combined with the cultural tension between people's expectations of what they should have and the reality of what they can afford. The Chinese were subjected to an inundation of first-world advertising long before they attained first-world purchasing power. The consumer dream was well developed, but not the income to achieve it. For example, in Chengdu, recently designated as a first-tier city and a centerpiece of China's plan to stimulate the nation's interior, average wages are just over \$500 US a month. The desire for a consumer lifestyle is there, but for the most part, not the cash. So when Jack Ma and Alibaba convinced more than 27,000 vendors to slash prices on name brands and high-quality items from around the world, Singles Day sparked a frenzy – a \$2-billion-in-one-hour spending spree.

Scale, Momentum and the Future

It is impossible to overlook China's extraordinary potential for large-scale consumer movement. Two economists on a popular Chinese podcast pointed out that while Alibaba is only a 15-year-old company and Singles Day only a 5-year-old holiday, the social media app people used to spread the message, WeChat, is only 4 years old and already has 440 million users. If a company coordinated all of Europe's different languages, tastes and trends like that, it still could not match those numbers. China's vast scale and potential for huge momentum shifts is unique.

Equally remarkable, everything worked on Singles Day. Of the \$9.3 billion in sales, 43% were made on mobile devices. The exchanges on the app were quick and easy. Despite the overwhelming traffic, nothing stalled. In a normal day, Alibaba ships 17 million packages worldwide; the week after Singles Day, it shipped nearly 280 million. Though delivery was slightly slower than the typical one- to two-day turnaround, the packages still reached their destinations across the country and the world.

Over its six years of existence, Alibaba has shown an astonishing ability to read and adapt to the Chinese market. And Jack Ma's three goals for this most recent Singles Day reflect his eye for the future: 国际化，无线化，平台化; internationalization, going wireless and platform development. With over 220 countries involved either as vendors or buyers this year, coupled with the \$25 billion IPO in the United States, there is no doubt that Ma has his sharp eye not only on China, but the world.

