



Alibaba Group 2022 11.11 Global Shopping Festival Factsheet (As of October 24, 2022)

- Alibaba Group's 11.11 Global Shopping Festival ("11.11" or "Festival"), which is usually kicked off in late October and cumulates to a final sale on November 11 every year, is one of the world's largest online shopping event in terms of the number of participating consumers and merchants.
- In the face of uncertainties in the macro environment, Alibaba has made preparations on different fronts in the lead-up to 11.11 to help brands and merchants better interact with their consumers, optimize operational efficiency, and achieve high-quality business performance through its rich and innovative digital tools and marketing channels within the ecosystem.

MEMBERSHIP OPERATION FOR BRANDS

- Members have become a keen focus of brands on Tmall, as membership allows brands to interact most directly with consumers and, for some, ensure a higher degree of certainty over sales during 11.11. **To date, more than 40 brands on Tmall have loyalty membership programs that surpassed ten million members and 600 brands have loyalty membership programs with over one million members.** Among these companies, Nike launched a member advancement scheme with innovative features to engage members, and Unilever launched "U Fun Town" to interact with members on Tmall.
- A member-led GMV growth curve is taking place on Tmall. **On the first day of the 6.18 Mid-Year Shopping Festival in 2021, 25 brands each generated more than RMB100 million GMV from their members.** For some brands, more than 50% of the total sales on that day came from their members. The contribution of member-led GMV to this year's 11.11 will be even more significant, acting as a key indicator of brands' long-term development.
- Taking the pet industry as an example, ahead of this year's 11.11, Bain & Company released the "*Brand Membership Strategy White Paper for the Pet Care Industry*," which found that pet products represent a market of RMB200 billion in China, and Tmall members have become a major force in pet product consumption during the vigorous development of the "Pet Economy." According to the report, **the spending per brand member and the conversion rate of brand members on Tmall are twice that of general members in the pet care sector.** During the 6.18 Mid-Year Shopping Festival in 2022, about 50% of the overall sales of mainstream pet product brands on Tmall came from members, and member-led GMV has become a long-term growth driver for the pet industry. The number of pet brand members also grew strongly, with a year-on-year growth rate of 60% in the first half of 2022.

SUPPORTING MEASURES FOR MERCHANTS

Taobao and Tmall have launched 12 measures to help merchants cultivate traffic and to equip them with tools to reduce costs in preparation for this year's 11.11. Some of the measures are as follows:-

- In terms of **marketing**, Taobao and Tmall will divert traffic exclusively for small and medium-sized merchants, helping them attract targeted traffic through giving out small-volume exclusive packages and marketing experience coupons.
- In terms of **livestreaming**, More free marketing exposure support for livestreaming will be provided through the "Just For You" product recommendation section, search results, keywords and other public channels.
- In terms of **operations**, more than 2,000 special 11.11 short-form video templates, including 68 super content showrooms in collaboration with brands, and graphic and content creativity resources worth RMB10 million will be launched, to help reduce the cost of content production for merchants.
- In terms of **technology**, marketing management platform DMP (达摩盘) will be open to all Taobao and Tmall merchants for the first time during the 11.11 period, allowing them to use digital intelligence capabilities to make better operational decisions.
- In terms of **financing**, Taobao and Tmall will reduce or exempt the service fee for "down payment incentives" for merchants taking part in presale during 11.11, lasting from 31 October to 15 November. "T+0 remittance" is offered for certain shipped orders, which will shorten the remittance cycle by 7 days, on average.

SUPPLY CHAIN AND LOGISTICS

Consumer-end service: Improving "door-step delivery" services and promoting the recycling of delivery packaging.

This year's 11.11 will offer the most widespread "door-step delivery" services. Low-carbon is another highlight of 11.11 logistics. It is expected that nearly 100,000 Cainiao Post stations across China will continue to promote community eco-friendly activities, such as giving out gifts of fresh eggs to those recycling packaging.

- **Door-step delivery:**
 - In order to ensure the timeliness and quality of door-step delivery during 11.11, Cainiao will add **100,000 short-term staff** to its workforce in sorting centers, distribution centers and Cainiao Post stations.
 - Upgraded sorting centers, improved automation and self-operated logistics provide strong support to Cainiao's door-step delivery. In addition to **providing door-step delivery for Tmall Supermarket in more than 300 cities across China**, Cainiao also launched door-step delivery from bonded warehouses in **more than 250 cities, sending Tmall Global parcels**

for this 11.11.

- This 11.11, Cainiao Post will team up with Tmall and Taobao to increase its door-step delivery capacity. In July this year, Cainiao began to cooperate with couriers such as STO Express on **an optional, on-demand door-step delivery service pilot**, which will be launched **in 30 cities** during the 11.11 season.

Merchant-end service: Five supportive measures to guarantee supply chain and logistics success

- **Distribution network:** In order to ensure the delivery of goods by merchants, Cainiao has reserved additional warehousing facilities of over 4 million square meters in more than 20 cities across China, including “Covid backup warehouses” to support 7-day emergency storage allocation. Cainiao has also established distribution hubs across the country, with tens of millions of square meters of storage available. For merchants who use Cainiao for multi-location sub-warehouses, if a certain area is affected by Covid or another emergency, they can choose other warehouses to ship products, or opt for replacement delivery.
- **Product guarantee:** During 11.11 this year, Cainiao will continue to promote “expedited delivery for pre-order items,” covering more than 300 cities in China, and the number of parcels is expected to increase by 50% compared with last year’s 11.11. Cainiao will continue to promote the “expedited processing, packaging and delivery for pre-order items.” For example, pre-order goods, through the “expedited delivery” service, will be stored in advance at the logistics point closest to consumers. Upon receipt of the final payment, packages in core cities can be delivered in hours, or even minutes.
- **Digital intelligence guarantee:** Drawing on algorithms, the Cainiao supply chain will leverage mature tools designated for promotion campaigns to help merchants formulate more accurate supply chain plans, including sales volume forecasts, warehouse capacity calculations, livestreaming forecasts, out-of-stock warnings, packaging material forecasts and replenishment advice.
- **Operational guarantee:** In order to improve efficiency and reduce the pressure on delivery during peak periods, for this year’s 11.11, Cainiao’s supply chain solutions will realize pre-buffering through preprocessing. During the campaign, large-scale “direct delivery” will be used in key cities to reduce transit times and speed up delivery.
- **Service guarantee:** For this year’s 11.11, Cainiao will systematically monitor full-chain fulfillment through hourly broadcasts, warehouse risk monitoring and special broadcasts. For abnormal situations, it will proactively coordinate with its warehousing and delivery partners to fulfill orders in a timely manner to address merchants’ concerns. For consumers, Cainiao will promote transaction conversion by enhancing its timely delivery and will optimize their experiences through different levels of door-to-door service.

IMPORT AND EXPORT LOGISTICS

- **Import:** This year, Cainiao has boosted its cross-border logistics services to China, with a 20% increase in the number of import line-haul routes and the doubling of the capacity of self-operated bonded warehouses. This includes the launch of 400 line-haul routes spanning air,

sea, road and rail to cover key markets such as Europe, the United States, South Korea, Japan, Australia, New Zealand and Southeast Asia. Cainiao's self-operated trucks travel to and from ports and warehouses, connecting trunk lines directly with warehouses and **improving the efficiency of the whole network by at least 20% year-on-year, as of the end of September**. Cainiao provides customized services for importers and supports cross-border gifts, gift packages, etc.

- **Export:** By further improving key elements of cross-border logistics such as warehousing, customs, trucking and distribution, and securing international shipping capacity in advance, Cainiao ensures smooth transportation for China's exports. Cainiao has teamed up with AliExpress to offer services such as **"X-day delivery," and guaranteed compensation for late deliveries** to give merchants and overseas consumers peace of mind: with the guarantee of logistics timeliness in 16 countries through Cainiao Selection Shipping, and 2- to 7-day delivery in Europe and 5-day delivery in the United States, Israel and Mexico through Cainiao's overseas warehouses. Cainiao's Smart Combined Shipping, covering 52 countries, will be safeguarded by enhanced delivery strategies, based on the delivery speed of domestic merchants and the efficiency of local logistics overseas. Environmentally friendly packaging materials are also used to help reduce carbon emissions.

MERCHANT PREPARATIONS

NEW BRANDS AND NEW PRODUCTS

- Trending offline brands including % Arabica Coffee and Bao Shi Fu, as well as new home-grown brands in China including Rou Ban Zhang, Food Talks and Human Happy, will all participate in this year's 11.11 for the first time, offering their new products with plenty of stock.
- Shiseido's newly unveiled skincare line for men, SIDEKICK, is an uprising brand amidst the emerging men's skincare market and consumer demand. It will take part in its first 11.11, hoping to leverage Tmall to achieve better brand exposure and consumer penetration in China.
- Ferrari, an automaker that just entered the field of fashion, opened its official flagship store on Tmall ahead of this year's 11.11, promoting the brand's high-end clothing and accessories. It will offer lots of new products and fashions, as well as plenty more membership benefits on Tmall during 11.11.
- Moncler, a high-end Italian down brand, also seized the opportunity to join Tmall during 11.11, especially being its first flagship store launched on e-commerce platform in China. It has brought nearly a thousand products in 18 categories on Tmall since debuted. To meet the seasonal consumption demand of Chinese consumers, it has been actively preparing stocks for 11.11.
- Prada's perfume and beauty product line and Brunello Cucinelli, a premier Italian fashion brand, have both joined Tmall ahead of this year's festival.

PREPERATION BY INDUSTRIAL CLUSTER MERCHANTS

This year, 11.11 will kick-off pre-sales at 8:00 p.m. Beijing time on October 24, and merchants from various industrial clusters have started preparing themselves for the event. From October 12 to October 25, Taobao and Tmall have joined hands with 30 industrial clusters across China to provide training on the highlights, guarantees and support measures of this year's 11.11, to help merchants deliver outstanding performance again this 11.11, which is the most important opportunity for many brands to drive sales each year.

- **Livestreaming events:** As merchants sprint ahead and prepare themselves for 11.11, Taobao Live provides growth support and marketing exposure incentives, and hosts exclusive livestreaming sessions and Taobao Live channels to help merchants expand their business during 11.11.
- **Livestreaming venues exclusively for industrial cluster merchants:** Exclusive "industrial cluster livestreaming" sessions are offered to select quality merchants/products.
- **Business development:** Taobao Education provides courses such as "big promotion preparation" and "traffic enhancement" in Taobao/Tmall Merchant Operation Centers across China, where Taobao staff and lecturers also offer business consultancy for top merchants in each region.
- **New product trends:** Traffic support will be given to high-quality new products. During the incubation period of these new products, the search and recommendation functions offered by the platform will double their traffic, generating tens of thousands of additional daily exposures.
- **Best-selling products:** Search function is used as an effective tool to incubate best-selling products in a targeted manner.
- **Industry list:** Stores with high-quality/unique products across different industrial clusters will be featured in recommendation lists such as Taobao Top Stores, Taobao Exploration, etc. to help merchants maximize their exposure and improve their industry influence.

OPPORTUNITIES IN LOWER-TIER MARKETS

- For this year's 11.11, Taobao Deals will work with more than **1,800 industrial clusters**, featuring competitively priced daily products that are directly supplied by **more than 10,000 manufacturers**.
- This year, Taobao Deals is promoting **two easy-to-use features - finding "Price King" for 50% discount and one million free orders**. On October 22 and November 11, consumers using the "Price King" function will enjoy up to 50% discount on selected products. At 8:00p.m. Beijing time on both days, they have double chance of gaining benefits of free orders.
- Tao Factory, Taobao Deals' self-owned store, has rolled out four key measures to serve its merchants, including **off-peak sales, two-day delivery, tier management of merchants, and a membership service system**. In order to enable more factories to tap into the competitively

priced market during 11.11, Tao Factory has formulated a new strategy, which involves continuing to improve the consumer experience and consolidate supply-chain capabilities while removing obstacles for merchants in business operations and marketing.

- In terms of **merchants**: For the first time, Tao Factory will start its 11.11 sales hours earlier at 8:00p.m. Beijing time on November 10 to boost sales during off-peak hours, with the aim of releasing consumer demand incrementally and ensuring a more orderly production process. Tao Factory is also adopting a **multi-tier management mechanism** for merchants, which offers retailers a variety of benefits, to put more factories with unique and quality products under the consumer spotlight.
- In terms of **consumers**: In order to move from “guaranteed availability” to “guaranteed service and delivery” and to deliver a better consumer experience and stimulate supply, Tao Factory will offer **two-day delivery** services, providing marketing exposure support and “two-day delivery” labels for participating products. In the meantime, Tao Factory membership service will be offered for the first time to better match merchants from different industrial clusters with high-quality customer groups, through providing an **incentive system** that aims to provide an optimized experience for loyal users.

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