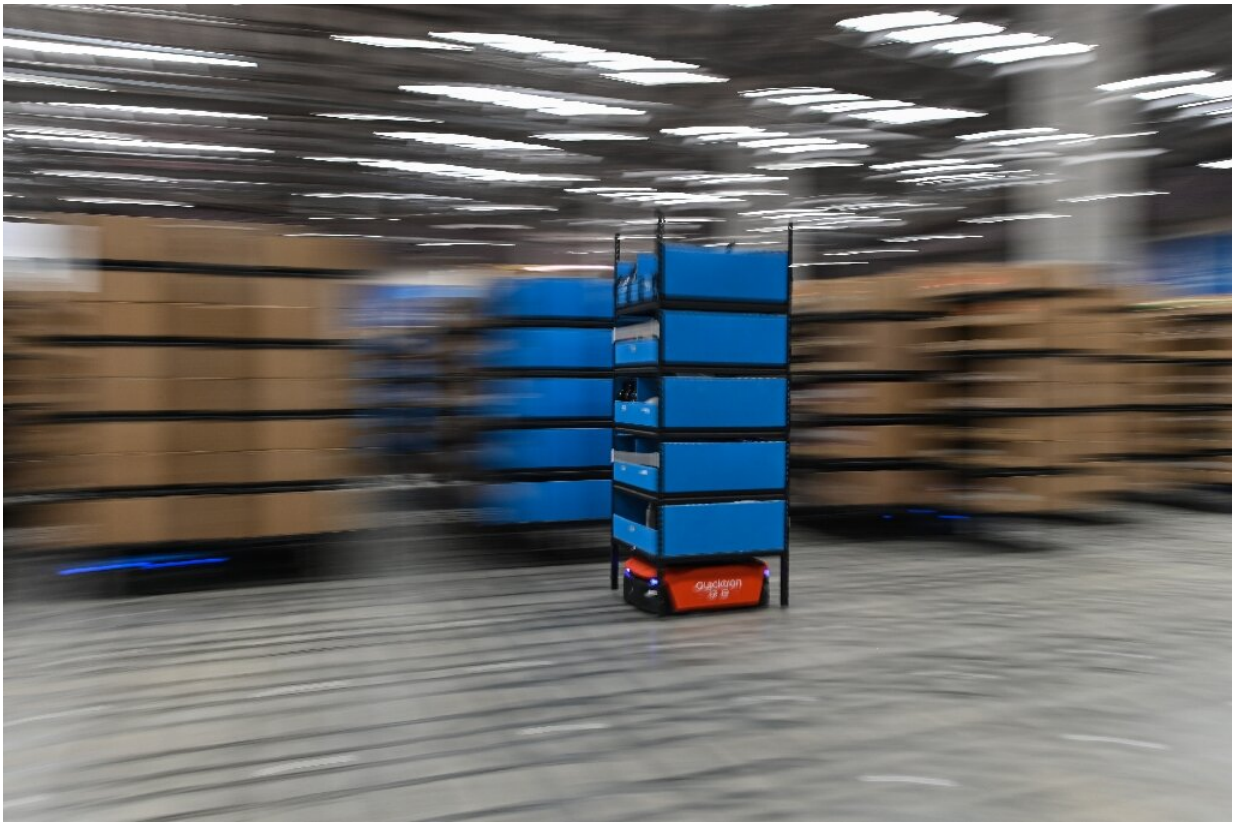
China's shoppers splash the cash in world's biggest spending spree

November 11 2020, by Dan Martin



A blue robot moves between aisles at the Wuxi warehouse of Cainiao Smart Logistics Network, an affiliate of e-commerce giant Alibaba, ahead of Singles Day

Chinese consumers snapped up everything from food to electronics and beauty products Wednesday as retailers slashed prices for the world's

largest online shopping bonanza, closely watched this year for clues on post-pandemic consumer sentiment.

The marathon spending spree has for more than a decade seen China's army of shoppers shell out colossal amounts of cash that has dwarfed the incomes of many small nations.

And this year will be no exception.

While "Single's Day"—so-called for its annual 11.11 date—has long-been a 24-hour event, e-commerce giant Alibaba has expanded it to an 11-day promotion beginning November 1.

As of Tuesday night, Alibaba platforms had already processed 372.3 billion yuan ($56.5 billion) in sales over that period, more than the GDP of Iceland, Lebanon and Georgia combined.

Leading China retailers such as Alibaba, JD.com, and Pinduoduo compete aggressively for Single's Day, which far outstrips the pre-Christmas "Black Friday" promotion in the United States.

But Chinese regulators cast a gloom over the biggest e-commerce stretch of the year by announcing draft antitrust rules that signal a looming crackdown on high-flying internet giants.

The rules published on Tuesday outlined plans to prevent "monopolistic behaviour" among internet companies, which tend to develop captive ecosystems. Alibaba's Taobao platform, for example, supports payments via its own Alipay rather, but not the WeChat Pay technology of rival Tencent.

The colossal event mobilises China's army of consumers, who spend enough cash to dwarf the economies of several small nations

Chinese tech shares tumbled for a second day Wednesday. Alibaba shed more than eight percent in Hong Kong—just a week after regulators halted an enormous IPO by its Ant Group financial arm—and rival JD.com fell a similar amount.

This year's shopping is being closely followed around the world as a guide to the state of China's crucial consumer sector, which is increasingly more important to the future of the world's biggest economy.

As the country emerges from the effects of the virus and tight

lockdowns, the recovery in retail sales has lagged that seen in industrial sectors, but is gaining pace, analysts said.

"Single's Day" originally focused on sales of certain items like beauty products and electronics, said Melanie Sanders, Asia-Pacific head of retail for consultancy Bain & Company.

But e-commerce in China has expanded to include just about anything a consumer might purchase, including groceries, as digitally savvy Chinese opt for the convenience of online shopping.

The pandemic, which has made many Chinese wary of crowds, is furthering this trend, she said.

A forklift operator looks for products at a distrubition centre in Jiangsu province

"We're expecting it to be another very, very strong year, another record," Sanders said.

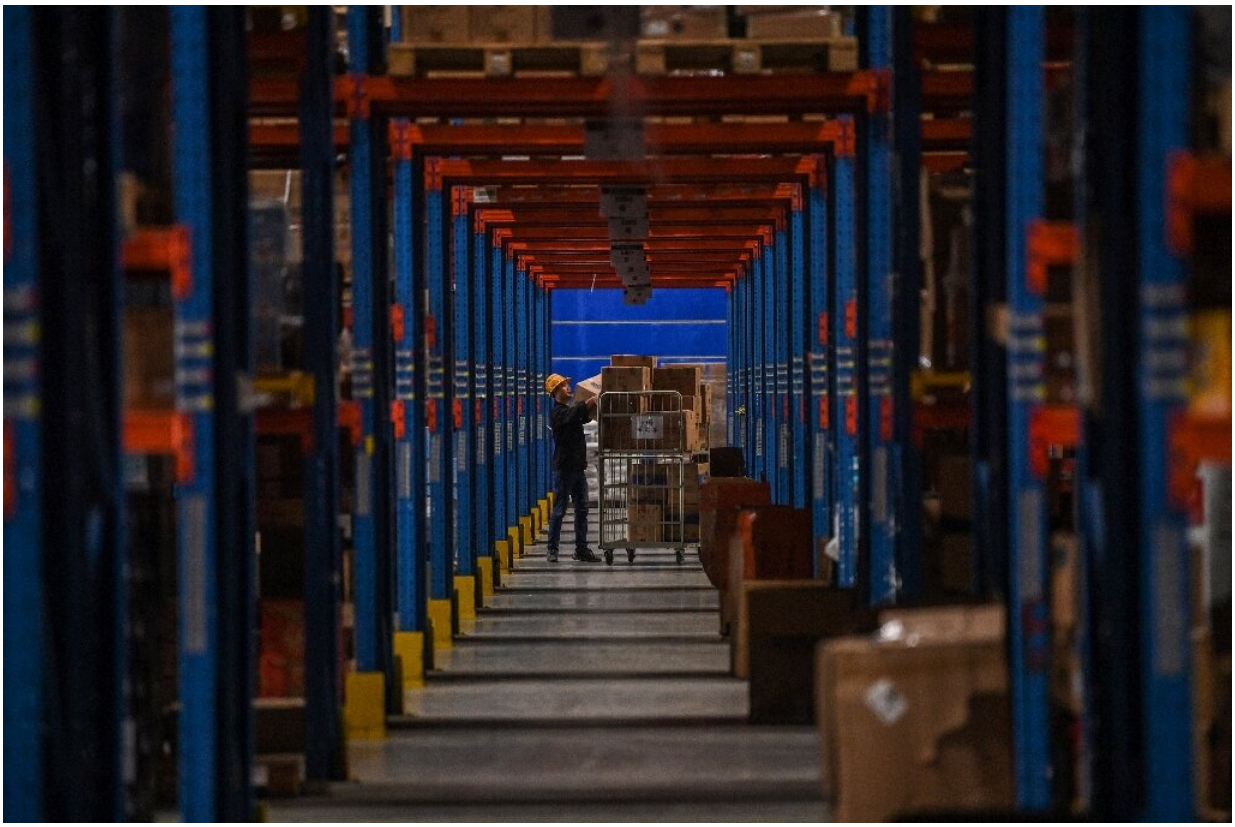
"Retail in China is largely getting back now to last year's levels."

Conceived in 2009 by Alibaba as an antidote to Valentine's Day, the event falls on the eleventh day of the eleventh month, and was meant to be an occasion for individuals to treat themselves to something new.

But it has expanded to encompass much of China's entire retail sector, including traditional bricks-and-mortar stores, which also offer "Single's Day" promotions.

Alibaba hypes its version of the promotion with a gala in Shanghai the night before, featuring a musical superstar guest—US singer Katy Perry was this year's main event, but her show was broadcast virtually.

Last year, "Single's Day" sales on Alibaba platforms alone for the 24-hour period totalled $38.4 billion.



Single's Day was created by Alibaba as an antidote to Valentine's Day—the event falls on the eleventh day of the eleventh month—and meant to be an occasion for individuals to treat themselves

The Economist Intelligence Unit said it expects China's retail sales recovery to firm in the last three months of the year—supported by the shopping festival.

"China's recovery from the coronavirus pandemic before other major economies will also support consumer confidence," it said.

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