Chinese tech giant Alibaba's quarterly profit shrinks 29 percent

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Chinese e-commerce giant Alibaba reported a 29 percent fall in quarterly profit on August 15, 2024, as it battles sluggish consumption during an economic slowdown.

Chinese e-commerce giant Alibaba reported a 29 percent fall in quarterly profit on Thursday as it battles sluggish consumption during an economic slowdown.

Net income attributable to shareholders came in at 24.3 billion yuan ($3.3 billion) in the quarter ending June 30, Alibaba said in a corporate filing, down from 34.3 billion yuan in the same period in 2023.

Alibaba runs some of China's most popular e-commerce apps and its performance is widely considered an indicator of broader economic trends.

China released another series of disappointing indicators on Thursday, despite recent government measures to boost growth.

Alibaba's revenue for the first quarter was 243.2 billion yuan, up four percent from the previous year.

But revenue from core shopping platforms Taobao and Tmall was down one percent, which Alibaba said was "primarily due to the increase in investments in user experience".

"In this quarter, we continue to invest for growth in our core businesses while reducing losses in other business units through operating efficiency," chief financial officer Toby Xu said in the filing.

Alibaba made $5.8 billion of share repurchases in the first quarter, part of an effort to reassure investors amid narrowing profits.

Its results contrasted starkly with rival shopping app operator JD.com, which announced a whopping 92.1 percent increase in profit for the past quarter.

Growing rivalry

Thursday's results come at a time when Alibaba is increasingly being challenged by Pinduoduo, another shopping app whose parent company owns internationally popular budget shopping app Temu.

As sluggish growth hits consumers' wallets, more shoppers are turning to generally lower-priced items on the Pinduoduo app rather than Alibaba's Taobao and Tmall platforms.

The change in shopping habits briefly caused Pinduoduo's parent company to overtake Alibaba in market capitalization in November.

Alibaba's charismatic founder Jack Ma, who has retired from his role at the group, has urged his successors to adapt to new consumer preferences.

The firm launched the biggest restructuring in its history last year, splitting the group into six distinct entities and replacing CEO Daniel Zhang.

The reorganization came after several years of turbulence in China's tech sector as authorities cracked down on what was formerly a loosely regulated industry.

Uncertainty about Alibaba's future development has persisted ever since top leaders in Beijing scuttled a planned IPO of its financial services arm, Ant Group, in late 2020.

The cancelled public listing—which would likely have been the biggest in history—was followed a month later by an announcement that Alibaba was under formal investigation in China for alleged monopolistic practices.

Chinese retail sales rebounded in July while industrial production growth slowed, according to official data released earlier on Thursday, highlighting an uneven recovery in the world's second-largest economy.

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