China's Singles' Day shopping fest muted amid tech crackdown

November 10 2021, by Zen Soo

Workers work on computers as they setup for the up coming China's biggest online shopping day, known as "Singles' Day" in a command center at the headquarters of online retailer JD.com in Beijing on Tuesday, Nov. 9, 2021. China's biggest online shopping day, known as "Singles' Day" on Nov. 11, is taking on a muted tone this year amid a regulatory crackdown on the technology industry and President Xi Jinping's push for "common prosperity." Credit: AP Photo/Andy Wong

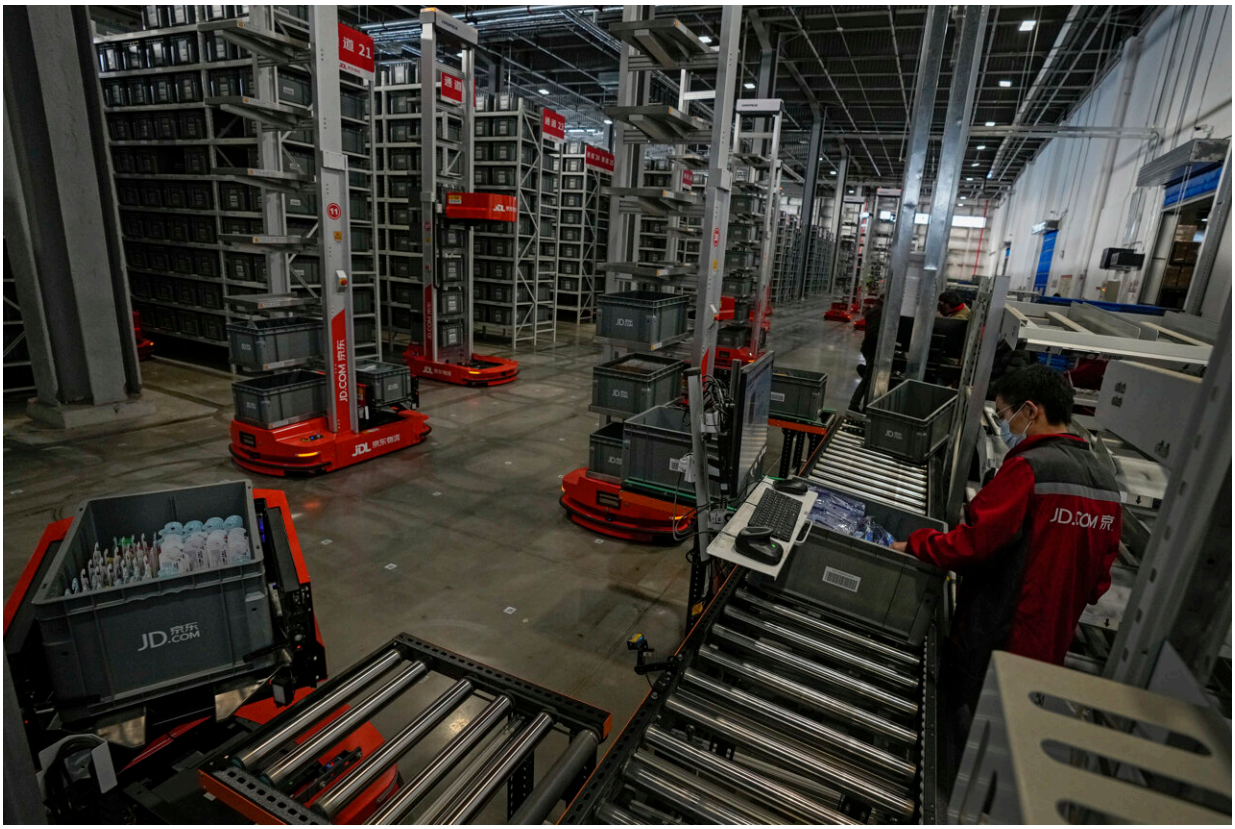
China's biggest online shopping day, known as "Singles' Day" on Nov. 11, is taking on a muted tone this year as regulators crack down on the technology industry and President Xi Jinping pushes for "common prosperity."

The Singles' Day shopping festival—also known as Double 11—is a massive event for China's e-commerce companies. Last year, consumers spent $74 billion on Alibaba's online shopping platforms over the 11 days of the festival. Smaller rival JD.com reported $40 billion in sales during a similar time frame.

Alibaba—China's largest e-commerce firm—usually holds a massive gala the night before Nov. 11. Past galas have featured superstars such as Katy Perry and Taylor Swift and even acrobatic acts by the Cirque du Soleil.

A glitzy live counter starts ticking at midnight to tally in real time how much consumers have spent on Alibaba platforms like Taobao and Tmall. The festival is viewed as a barometer of consumption in the world's most populous country.

This year, Alibaba has toned down the hype. The Singles' Day online gala Thursday will be live-streamed due to COVID-19 outbreaks in parts of China. Alibaba says it is focusing on sustainability, supporting charities and inclusivity – themes that align with Beijing's climate goals and Xi's calls for "common prosperity" that aims to curb inequality and excessive consumption.



A worker and the autonomous robotic machines sort out goods at the Chinese online retailer JD.com's warehouse in Beijing on Tuesday, Nov. 9, 2021. China's biggest online shopping day, known as "Singles' Day" on Nov. 11, is taking on a muted tone this year amid a regulatory crackdown on the technology industry and President Xi Jinping's push for "common prosperity." Credit: AP Photo/Andy Wong

"This year's muted festivities are a perfect storm of economic, competitive and regulatory pressures," said Michael Norris, research strategy manager at Shanghai-based consultancy AgencyChina.

"In terms of regulation, e-commerce platforms are coming to grips with how to align consumption extravaganzas with 'common prosperity' themes," he said.

Earlier this year, e-commerce platform Pinduoduo pledged to give $1.5 billion in profits to farmers to boost their incomes, while Alibaba has committed $15.5 billion to subsidies for small and medium-sized enterprises and supporting workers in the gig economy, such as delivery drivers, according to local news outlet Zhejiang News.

This year, Alibaba has also spotlighted sustainability, setting up packaging recycling points and partnering with brands to develop more eco-friendly packaging. Customers can donate a portion of the profit from their purchases to a charity organization or project of their choice.

A woman wearing a face mask talks on her phone as she walks by an online shopping day, known as "Singles' Day" advertisement on display at a bus stand in Beijing, Wednesday, Nov. 10, 2021. China's biggest online shopping day, known as "Singles' Day" on Nov. 11, is taking on a muted tone this year amid a

regulatory crackdown on the technology industry and President Xi Jinping's push for "common prosperity." Credit: AP Photo/Andy Wong

The shift to emphasizing sustainability comes after Alibaba was fined a record $2.8 billion for violating antitrust rules. The government has been stepping up scrutiny of the technology sector and moving to curb monopolistic practices that hurt consumers' rights.

The squeeze on this year's Singles' Day sales may also reflect weaker consumer demand and shortages of some products due to shortfalls in materials and energy, as well as difficulties in moving products through snarled shipping and delivery channels.

"Merchants have had a soft year so far, due to weak retail growth and decreasing consumer confidence," Norris said. "To add insult to injury, power rationing in manufacturing hubs has meant many merchants have dialed back their expectations - even if there is a burst of demand, they can't necessarily meet it."

Jacob Cooke, CEO of WPIC, a marketing firm that helps Western companies sell online in China, says ultra-deep discounts will be less commonplace than in past Singles' Day sales.

A man wearing a face mask to help protect from the coronavirus walks by a promotional display celebrating the online shopping day, known as "Singles' Day" outside the Chinese online retailer JD.com's headquarter in Beijing on Tuesday, Nov. 9, 2021. China's biggest online shopping day, known as "Singles' Day" on Nov. 11, is taking on a muted tone this year amid a regulatory crackdown on the technology industry and President Xi Jinping's push for "common prosperity." Credit: AP Photo/Andy Wong

"We're going to see strategies like limited edition gifts being more prevalent as opposed to merchants dumping (items) at a 90% discount . . . due to a lack of inventory, a lack of supply," he said.

Meanwhile, popular short-video platforms such as Kuaishou and Bytedance's Douyin, which have veered into e-commerce, are giving

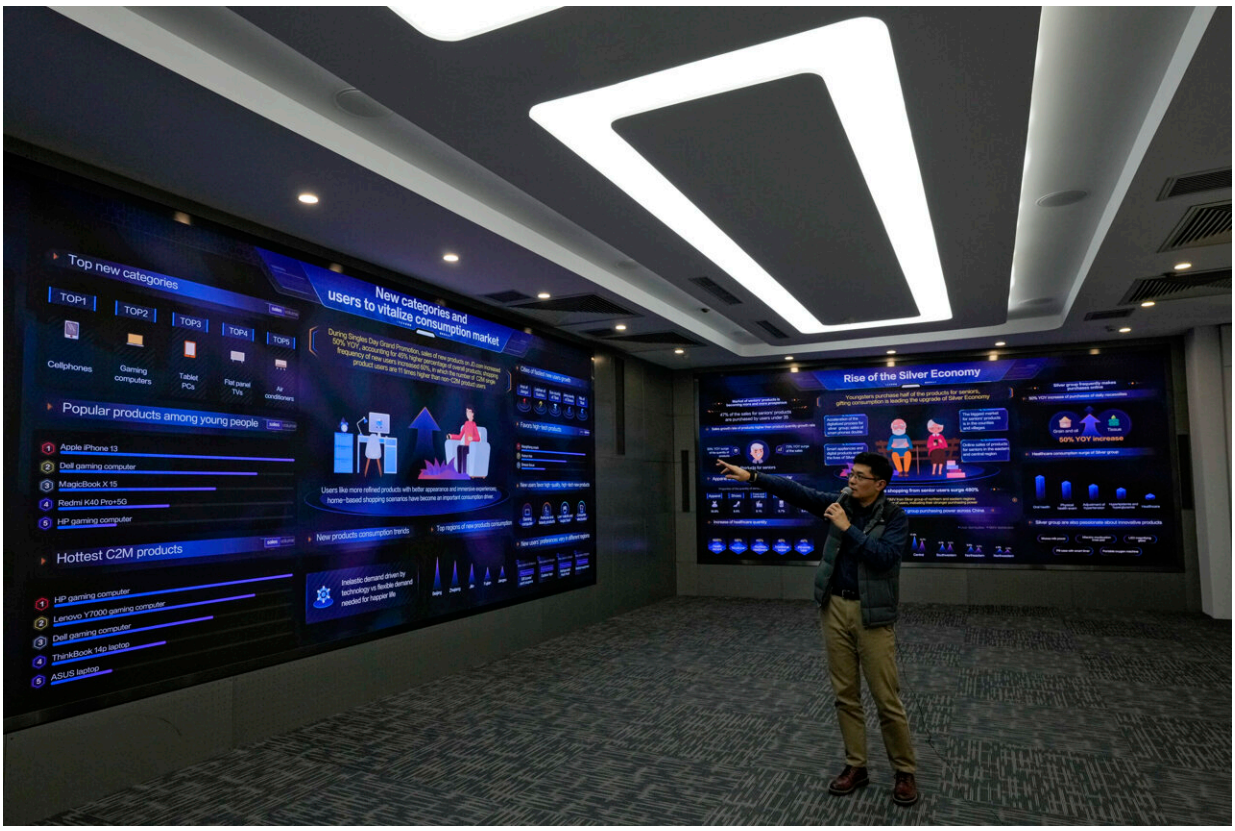
traditional e-commerce platforms like Alibaba and JD.com a run for their money.

Live-streamers on the video platforms can sell directly to shoppers through their streams. Last year, Douyin reported 2 billion yuan ($313 million) worth of transactions just on Nov. 11.

"In terms of (short-video) commerce, it's going to be huge because that's where all the eyeballs are," WPIC's Cooke said.

The Singles Day festival boosts sales of live-streaming hosts like Yang Guang, who hawks everything from clothing to home appliances on live-streams, by half, he said.

Autonomous robotic machines sort out goods at the Chinese online retailer JD.com's warehouse in Beijing on Tuesday, Nov. 9, 2021. China's biggest online shopping day, known as "Singles' Day" on Nov. 11, is taking on a muted tone this year amid a regulatory crackdown on the technology industry and President Xi Jinping's push for "common prosperity." Credit: AP Photo/Andy Wong



Fei Lu, senior researcher for online retailer JD.com, explains the China's consumption markets ahead of China's biggest online shopping day, known as "Singles' Day" in a command center at the headquarters of online retailer JD.com in Beijing on Tuesday, Nov. 9, 2021. China's biggest online shopping day, known as "Singles' Day" on Nov. 11, is taking on a muted tone this year amid a regulatory crackdown on the technology industry and President Xi Jinping's push for "common prosperity." Credit: AP Photo/Andy Wong

But he said prolonged festivities and complicated discount schemes can be frustrating for both shoppers and sellers.

"As live-streamers, we have to think up different strategies to make it fun during every stream to keep customers interested," he said.

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