

RETAIL

Prioritizing loyalty will put retailers ahead on Singles' Day: Bain

October 29, 2021



Retailers must prepare to build loyalty among consumers for Singles Day and beyond. Image credit: Bain

By NORA HOWE

China's massive annual shopping festival known as Singles' Day, which occurs annually on Nov. 11, has evolved from a celebration of unmarried individuals to a retail extravaganza but as the event grows, so do consumer expectations.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

According to a new report from **Bain & Company**, Singles' Day will see a continuation of certain trends, but customer acquisition is becoming more challenging for retailers as competition grows. Successful retailers should find new ways to foster deeper consumer loyalty that goes beyond the benefits of holiday discounts.

Bain's report incorporates data from global technology and research company Toluna in conjunction with a social voting network of more than 48 million consumers in more than 70 countries.

Singles' Day forecast

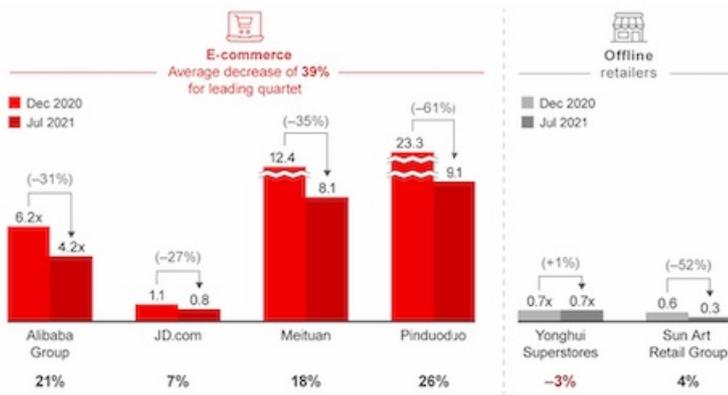
According to Bain's shopper survey, nearly 80 percent said they hope for more discounts than Singles' Day 2020, meaning retailers must not forgo these demands.

However, Bain suggests that discounting alone will not carry retailers.

While gross merchandise value (GMV) is a key measure of success, retailers have new opportunities to redefine what success means with regards to the annual shopping event, and these are specifically aligned with customer loyalty.

By prioritizing customer lifetime value, retailers can build more sustainable long-term strategies to retain customers, which will ultimately help them throughout the entire year and not simply on one shopping day.

Nearly all Chinese consumers, 95 percent, intend to take part in the event again in 2021, and most, 76 percent, are very excited about it.



The stock market valuations of leading online retailers fell in the first half of 2021 despite strong revenue growth, which would suggest retailers should ease up on Singles Day discounting to boost margins, but shoppers are not ready to give up these deals. Image credit: Bain

More than half, 52 percent, plan to spend more than they did last year, when the average spending per customer was 2,104 Chinese yuan, or \$329 at current exchange rate.

Bain expects to see the continuation of some trends that fueled GMV growth last year, such as growth in lower-tier cities as more first-time Singles' Day participants from Tier 3, 4 and 5 cities are expected this year than from Tier 1 and 2 cities.

Pandemic-related spending on wellness categories is also likely to carry over from last year, especially within the cosmetics and personal care categories. Many Singles' Day shoppers also still strongly prefer familiar and value-oriented brands.

Over the past few years, Singles' Day sales have been increasingly split between a growing number of platforms. This year, more than 50 percent of consumers plan to shop on three or more platforms.



Neiman Marcus Singles' Day 2019 campaign. Image credit: Neiman Marcus

However, retailers who dig deeper may find a fanbase of loyal consumers, and a retailer's Singles' Day promoters tend to spend heavily throughout the year on that same platform.

To accelerate the transition to loyalty-led models, retailers consider how their approach to Singles' Day feeds into long-term strategies, if they are putting loyalty at the core of these strategies and how they are reshaping business to highlight differentiation and ease up on promotional reliance.

Loyalty beyond 11/11

While price is still a major motivating factor for most consumers, and the desire for discounts is unlikely to sway anytime soon, Bain points out certain retailers who have begun cultivating loyalty among consumers that goes beyond the desire for price drops.

Ecommerce giant Alibaba, which recorded quarterly revenue of \$31.83 billion in August ([see story](#)) continues to innovate and invest to enhance the customer experience, through services such as its loyalty program, 88VIP, which offers benefits across the entire Alibaba ecosystem.



Singles' Day shoppers are expected to spend more this year, especially within the cosmetics and personal care categories. Image credit: Este Lauder

These benefits include, but are not limited to, free access to video streaming on Youku, discounts on food delivery through Ele.me and cash-back vouchers for the online travel platform Fliggy.

Alibaba's cooperation with brands and manufacturers also fosters loyalty between businesses.

Brands retrieve data from Alibaba and the digital tools to understand this data, which in turn, creates better shopping experiences for customers within the platform.

Similarly, Alibaba provides manufacturers with consumer data that allows them to tailor products according to consumer preferences. On the other side, Alibaba shoppers see more products that they want on the platform, creating a differentiated experience from rival platforms.

JD.com has also emerged as a leader of Singles Day loyalty.

According to Bain, the platform offers shoppers a 30-day price guarantee, a 180-day exchange window and installation services. Additionally, technological innovation has made its customer service more efficient, with promoters citing prompt and reliable delivery.

JD.com has also strategically partnered with high-loyalty brands, such as French fashion house Louis Vuitton, to further its reach in the China market.

Through a model customized by JD.com for Louis Vuitton, consumers may type "LV" in the search bar on the JD app and enter Louis Vuitton's official mini program to enjoy the brand's exclusive shopping experience.

The unique model connects Louis Vuitton directly with JD's active customers, while providing immediate access to all Louis Vuitton products ([see story](#)).