

RETAIL

Alibaba revenue plateaus for first time since 2014

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Due to ongoing challenges with the COVID-19 pandemic, Alibaba's explosive growth is slowing down. Image credit: Alibaba

By LUXURY DAILY NEWS SERVICE

Ecommerce giant Alibaba is seeing revenue flatline for the first time since going public in 2014, however, shares in the company increased Thursday morning.

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For the quarter ending June 30, 2022, Alibaba reached revenues of \$30.69 billion, a nearly 1 percent decline compared to the same period in 2021, after years of drastic growth. While the decline is likely due to ongoing COVID-related challenges, this could still have major implications for commerce in China, as Alibaba's segment includes retailers such as Taobao, Tmall, Taobao Deals, Taocaicai, Freshippo, Tmall Supermarket, Sun Art, Tmall Global, Alibaba Health and wholesaler 1688.com.

"During the past quarter, we actively adapted to changes in the macro environment and remained focused on our long-term strategy by continuing to strengthen our capability for customer value creation," said Daniel Zhang, chairman and CEO of Alibaba Group, in a statement.

"Following a relatively slow April and May, we saw signs of recovery across our businesses in June," he said. "We are confident in our growth opportunities in the long term given our high-quality consumer base and the resilience of our diversified business model catering to different demands of our customers."

Ecommerce on the rocks?

For the quarter, online physical goods gross merchandise value (GMV) generated on Taobao and Tmall, excluding unpaid orders, declined year-over-year due to the impacts of COVID-19 and corresponding restrictions that caused disruptions across supply chains and logistics in April and May.

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This is the first time the company has reported a decrease in sales since it went public eight years ago. Image credit: Tmall

Alibaba saw a slight recovery in May due to the success of the 618 Shopping Festival. Competitor JD.com may not have been as lucky, as it posted an underwhelming 10.3 percent increase in sales from the festival ([see story](#)).

Taobao and Tmall continued to see strong consumer retention, especially among consumers with greater spending power.

Nearly all, 98 percent, of annual active consumers who each spent more than \$1,481 on Taobao and Tmall in the twelve months ending June 30, 2021 continued to be active in the twelve months ending June 30, 2022.

Alibaba's international commerce retail businesses, including Lazada, AliExpress, Trendyol and Daraz saw a combined 4 percent decline in orders y-o-y, primarily driven by declining orders of AliExpress due to changes in the EU VAT rules and depreciation of the euro against the U.S. dollar.

In Southeast Asia, Lazada saw growth of 10 percent y-o-y, however, this slowed once in-person shopping resumed after COVID-19 restrictions were lifted.

Overall orders on Trendyol grew 46 percent compared to the same period in 2021, having invested and expanded into the high-frequency local consumer services business. As of June 30, 2022, Trendyol served more than 225,000 merchants on its marketplace platform.