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## **CARNIVAL OF CHINA'S E-COMMERCE INDUSTRY – “DOUBLE ELEVEN”**

*Since November 11, 2009, “Singles Day” has become a national shopping carnival. After more than a decade of development, the “Double Eleven” with Chinese characteristics has promoted the rapid development of China's e-commerce industry and changed the shopping and consumption habits of the Chinese people. This interesting business idea is now changing China's social and economic development model.*

**Key words:** *e-commerce industry, consumption, China, capital.*

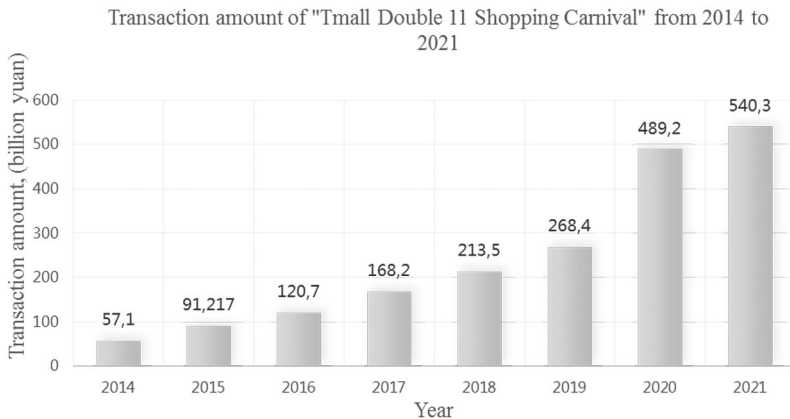
*С 11 ноября 2009 г. «День холостяков» стал национальным торговым карнавалом. После более чем десятилетнего развития «Double Eleven» с китайской спецификой способствовал быстрому развитию индустрии электронной коммерции Китая и изменил покупательские и потребительские привычки китайцев. Эта интересная бизнес-идея меняет модель социально-экономического развития Китая.*

**Ключевые слова:** *индустрия электронной коммерции, потребление, Китай, капитал.*

“Double 11 Shopping Carnival” refers to the online promotion day on November 11 every year, which originates from the online promotion

activities held by Tmall on November 11, 2009. At that time, there were few merchants involved, but the turnover was far beyond the expected effect. Therefore, November 11 became a fixed date for Tmall to hold large-scale promotion activities. The “Double 11” has become an annual event in China’s e-commerce industry and has gradually affected the international e-commerce industry [1].

This year is 2022. It has been more than 13 years since the “double 11” began. The initial amount is 52 million yuan, 57.1 billion yuan in 2014, 91.217 billion yuan in 2015, 120.7 billion yuan in 2016, 168.2 billion yuan in 2017, 213.5 billion yuan in 2018, 268.4 billion yuan in 2019, 489.2 billion yuan in 2020, 540.3 billion yuan last year, Tmall didn’t disclose the transaction amount this year (Figure 1) [2]. What is the principle of capital behind these amazing data?



**Figure 1. Transaction amount of “Tmall Double 11 Shopping Carnival” from 2014 to 2021.**

*Source:* compiled by the author

Let’s start with the conclusion. In fact, from the perspective of capital, “double 11” is like the annual rankings, which can rank the IQ and class of each consumer, so that capital can get more profits

from consumers. At the same time, “double 11” is a form of cost cheat and social welfare regression. The whole meaning of capital is to pursue profits, and maximize profits by all means. The capital behind China’s retail platforms and e-commerce is the same, but how can they maximize their own interests? That is, how can they make the most profit from consumers?

In order to make more profits, capital needs to improve the product line layout. Why? Because only by selling cheap and expensive products, they can make money from the poor and the rich. Make less money from the poor, but the quantity is more; make more money from the rich and squeeze the consumer surplus. This leads to first economic common sense – price discrimination. There is no boring original definition, there are not various degrees, first, second and third degree price discrimination. In short, we can understand that the same thing is sold to different people at different prices, they make less money from the poor and make more money from the rich. In a word, they will try their best to sell more things and make more money. If you are the capital behind these retail industries, what can you do to achieve the ultimate goal of “making more money from the rich; making less money from the poor, but selling more”? The biggest difficulty of this problem is “how to distinguish between the rich and the poor”. Then you can price differently, earn more consumer surplus. Capital has explored an efficient and accurate way to know the class and IQ ranking of consumers, and rank each consumer. Capital gave him a good name – Double eleven Shopping Festival.

On the initial double 11, consumers could save money. At that time, although the sellers lowered the price a little, they attracted more consumers and sold more, they still made more profits. But in recent years, the pattern of double 11 has changed. I find that the rules of double 11 are becoming more and more complex and the process design is becoming more and more complicated. It takes a lot of time to study and compare. This applies the principle of price discrimination.

For example, if a person wants to buy a  $\beta$  earphone, the normal market price is 5 000 yuan. Double 11 is coming:

A's budget was less than 4 500 yuan. He began to snatch “double 11” red packets and allowances from October, and collected various vouchers. On the day of double 11, he clicked into the earphone page marked with the original 5 000 yuan, used his research results, red packets and allowances, and collected various vouchers to buy with 4 500 yuan.

B's budget is between 4 500–5 000 yuan, for example, 4 800 yuan. Although he wanted to buy a  $\beta$  earphone, he didn't start to calculate a month ago, he just wanted to take advantage of the node of double 11 to be cheaper. So he spent an hour comparing and studying the double 11 rules of major platforms and bought the earphone with 4 800 yuan.

C's budget is more than 6 000 yuan. He did not care about such preferential activities at all, nor would he pay time and energy for it. When he wanted to buy a  $\beta$  earphone, he would search directly and clicked the first search result. The original 5 000 yuan earphone was marked with the price of 6 000 yuan. He didn't think much about it, and he bought it.

D doesn't have the concept of budget, but he has already had  $\alpha$ ,  $\gamma$ ,  $\Delta$ , earphones, he just lacked a  $\beta$  earphone. He probably didn't know about the double 11. He bought it directly from the profiteer with 15 000 yuan through a friend's introduction.

So, for A, he was willing to spend a lot of time studying the rules of the platform, making plans, snatching red packets, changing allowances, etc. The reason why he was willing to spend a lot of time doing this is that his own time value was relatively low and his economic level was not high. He was willing to spend a month in advance to save the money. It can be seen that A was very sensitive to price. If there was no double 11, he would not buy a 5000 yuan  $\beta$  earphone at ordinary times. Then the businesses will never earn A's money, but after the screening of double 11, the capital has ranked these groups with relatively weak economic level through this ranking with the “energy and time value” as the yardstick. Although businesses make 500 yuan less from them, they also earn their money and complete “exchange price for quantity”. B is the same, but his budget may be a little better, and capital can also accurately distinguish A and B through the double 11 ranking. Although

both A and B did not have enough money, but according to the time and energy they put into studying the preferential terms, capital still made that 300 yuan more precisely from B, maximize benefits. C and D, although they didn't participate in the double 11, "Don't participate and don't care" this behavior itself, it has already helped capital to rank them. If you don't give them coupons, they will buy them, or even pay a high price.

Economists introduce concepts and theorems – consumer surplus and welfare loss. Just said C and D, they bought  $\beta$  earphones at a high price. The part of money more than 5 000 yuan can be understood as consumer surplus, and capital earned their consumer surplus in this way; A and B, the part of money less than 5 000 yuan is the decrease of welfare loss. It can be understood that if the price of 5 000 yuan remained the same, A and B think it was expensive, they would not buy it, they could not enjoy this earphone. This  $\beta$  earphone was produced, but people who wanted to use it and can't afford it (A and B), which was the loss of social welfare. By price discrimination, people who can't afford it but can use it, which reduces the loss of social welfare, so it's easy to understand.

From the vantage of capital, although its name is "price discrimination", "price discrimination" has a positive effect on the whole society. As just said, on the one hand, it helps businesses to sell products to more groups, increases profits, promotes the development of commodity economy. And on the other hand, it makes low-income people to buy the same goods, but they paid time and energy, it indirectly reduces the loss of social welfare.

If the "double 11" uses price discrimination to rank everyone, and squeeze more consumers' surplus, it has advantages and disadvantages. Then another feature of double 11 greatly increases the comparative cost, or search cost. Consumers are the biggest beneficiaries of the reduction of comparative costs because of the progress of information technology. For example, Taobao has a "search for the same type" function. If you want to buy a  $\beta$  earphones and use the "search for the same type" function, the price of  $\beta$  earphones in the whole market will be directly displayed in

front of you. You can find the cheapest one by ranking the price. But this process intensifies competition among businesses, especially on the price. It happens all the time: 5 000-yuan earphone, one business sells 4 990 yuan, the other sells 4 980 yuan, in order to gain the advantage in price ranking. This kind of competition will make the capital finally find that the profit of this commodity decrease, and the consumers can maximize the profit. But now there is double 11. Businesses have set up different and complicated preferential rules, such as vouchers, platform allowance, price for the second piece. It will take a long time for you to compare the prices of two businesses. Sellers may have made some profit concessions, but the comparative cost of consumers has risen greatly.

Originally, e-commerce is an efficiency improvement in human consumption behavior. When the Internet is not as popular as it is now, it takes time and energy to obtain price information for comparison. After the popularization of the Internet, the comparative cost has been greatly reduced. However, the decrease of comparative cost because of technological progress, now it's offset by another way of capital. Businesses will artificially increase the comparative cost between goods and businesses by setting the more complex final price system. For capital, it can maintain its original price to a certain extent, "reduce the loss of profits caused by strong competition caused by the reduction of comparative cost because of technological progress", And it's also in the form of giving benefits to everyone. Originally, the development of information technology should make "price comparison" simpler and make consumers more profitable. But the operation of "double 11" has confused consumers again, so it can be said that "double 11" is the economic regression of information technology progress.

Your time, your energy, etc. And the money you saved. Which is more valuable?

Your time and energy are much more valuable than you think. Don't try to cheat capital. The money you save will be taken back by capital in other ways.

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## **ОПЫТ ЦИФРОВИЗАЦИИ МАЛОГО И СРЕДНЕГО ПРЕДПРИНИМАТЕЛЬСТВА В КИТАЕ ДЛЯ БЕЛОРУССКОГО МАЛОГО И СРЕДНЕГО БИЗНЕСА**

*В статье рассматриваются процессы цифровизации китайских и белорусских малых и средних предприятий. Даны рекомендации по применению положительного опыта цифровизации китайских компаний для белорусского бизнеса.*

**Ключевые слова:** *малые и средние предприятия, мобильные платежные системы, цифровизация, электронная коммерция.*