Pinduoduo's Temu takes an "Everyday is Black Friday" approach to win customers

Article



The news: Pinduoduo's Temu briefly beat out Amazon, Shein, and Walmart to become the top ranked shopping app on the iOS app store last week, per Sensor Tower data.





Temu has consistently ranked in the top 10 on both the Android and Apple app stores since its launch in September.

Temu's appeal: Like Shein, Temu offers goods at incredibly low prices—although Temu's offerings go beyond clothing to include electronics, household goods, and toys, among other categories.

- Unlike Shein, Temu is leaning on Pinduoduo's relationships with over 11 million suppliers and manufacturers to expand the number of merchants and merchandise on its platform.
- Temu's "everyday is Black Friday" approach appears to be resonating with price-conscious consumers—although longer delivery times and poor customer service experiences could halt that momentum.

A cautionary tale: Temu will have to avoid the <u>ignominious fate of Wish</u>, which has seen a precipitous decline in the number of shoppers and revenues due to issues over counterfeited and poor quality products on its marketplace, as well as long delivery times and arduous returns processes.

 Wish's revenues fell 80% year-over-year (YoY) in Q2, while monthly active users fell by almost 75% YoY to 23 million.

While Temu's ability to tap into Pinduoduo's manufacturing and logistics capabilities will help it circumvent some of Wish's problems, it will need to invest significant resources into improving the customer experience—from customer service to order tracking to returns—if it wants to survive in the US.

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