

# 5 things to know about the buzzy Chinese shopping app Temu

Article

The up-and-coming shopping app Temu made waves with its Super Bowl ad debut this year, airing its 30-second spot with a cheery “Shop Like a Billionaire” tagline several times on Fox during and after the broadcast of the big game. Here are five things you should know.

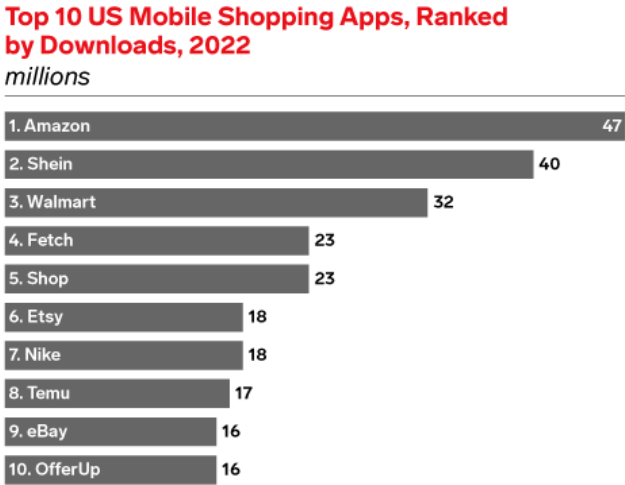
**1. It’s owned by a Chinese ecommerce giant.**

The US-listed PDD Holdings (formerly Pinduoduo) has pioneered social commerce in China. Its flagship app, Pinduoduo, was founded in 2015 and rose rapidly to become the country's third-largest ecommerce player by sales, after Alibaba and JD.com. At times it has even surpassed them in users, thanks to its aggressive marketing strategy. Temu is PDD's first foray into cross-border ecommerce and has targeted the US market first, with Canada up next.

## 2. It's being downloaded at a breakneck pace.

Temu has been topping the US ecommerce app charts since it was released in September 2022. After just four months, it ranked at No. 8 on Apptopia's list of the most downloaded shopping apps of 2022, and could be well on track to claim a top-three spot in 2023.

Temu's Super Bowl ads worked to draw even more users. Per Sensor Tower data, Temu was the most downloaded app overall on Super Bowl Sunday on both the iOS and Android app stores.



Source: Apptopia, "Worldwide and US Download Leaders 2022," Jan 4, 2023  
279936 InsiderIntelligence.com

## 3. It's spending heavily on customer acquisition.

The Super Bowl ad was the most prominent display we've seen of the deep pockets fueling Temu's rise. PDD Holdings has earmarked approximately \$1 billion for marketing the new app in 2023, according to Chinese media outlet 36kr.

The main channels for Temu's digital marketing efforts are social platforms like Meta's Facebook and Instagram, where it's run approximately 13,000 ads to date. User feeds are flooded with extreme promotions, such as 90% off or items under a dollar. Even with direct sourcing from Chinese manufacturers and the elimination of third-party intermediaries, Temu is likely to lose money from many of these sales.

#### **4. It's drawing shoppers in with ultra-cheap goods.**

Temu's main appeal lies in its emphasis on value for money, a message that resonates with cash-strapped US consumers. But to keep consumers engaged, Temu will have to deploy more of the social commerce features that have made Pinduoduo so successful in China, where users reach out to their social circles (friends, family, neighbors, etc., often via the super app WeChat) to get in on deals together.

#### **5. It's part of a new wave of players from China that will shape the future of US social commerce.**

The ultra-fast-fashion retailer Shein has been most successful so far at reaching a receptive audience of young consumers with ultra-low prices and relentless digital marketing. Temu is following that playbook while expanding its product offerings to a wider range of goods, including consumer electronics, beauty products, and homewares. Another platform to keep an eye on is TikTok, which is **testing more in-app shopping features** and is reportedly **planning to build out fulfillment centers** as owner ByteDance seeks to recreate the success it's achieved with ecommerce in China and Southeast Asia.

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