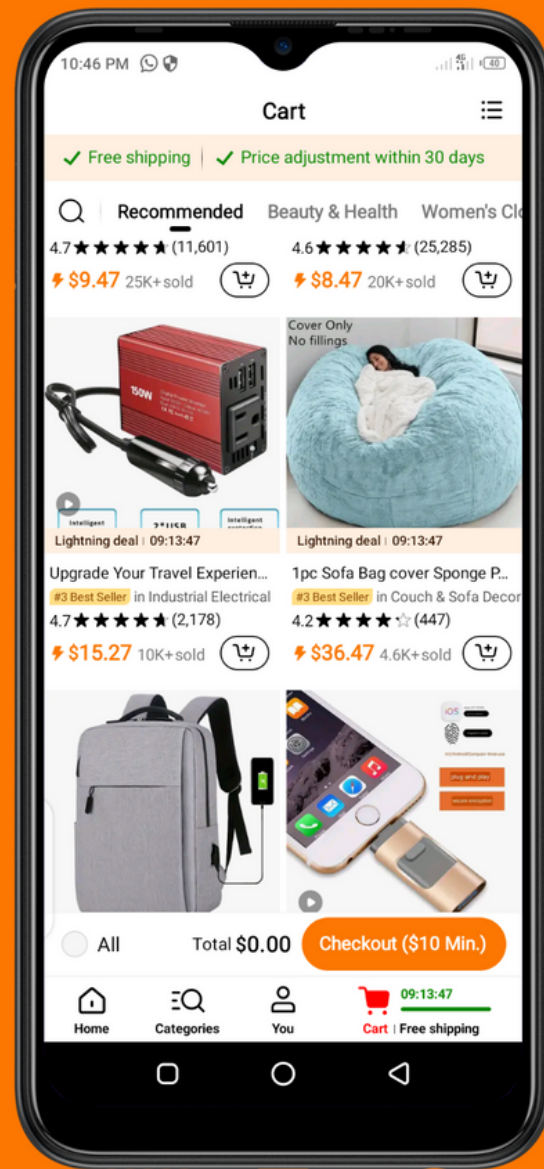
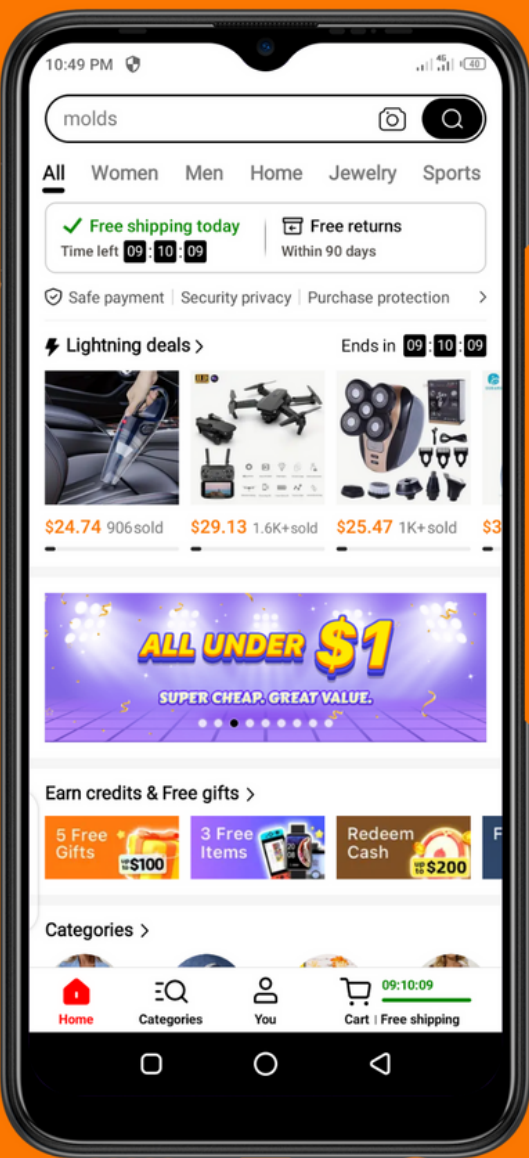




FROM START-UP TO E-COMMERCE GIANT

THE TEMU SUCCESS STORY



JUPITER SCM



The retail industry is undergoing a radical transformation as new technologies and consumer preferences reshape the way people shop.

One of the most innovative and disruptive players in this field is Temu, a Chinese start-up that has launched a revolutionary shopping app that challenges the dominance of e-commerce giants like Amazon. Temu's shopping app offers a unique and engaging retail experience that combines convenience, personalization, and entertainment.

This case study will explore how Temu's shopping app revolutionized the retail industry and what factors contributed to its success.

Background

Temu is an online marketplace operated by Chinese E-commerce company, PDD Holdings INC headquartered in Boston, USA which also operate a popular E-commerce platform in China called Pinduoduo. Temu was launched in the US. In September 2022.

The platform allows China-based vendors to sell and ship directly to customers without having to rely on intermediate distributors in the destination country, thus increasing affordability for any buyers. Its business models also aim to enlarge customer reaches by voluntarily lowering its profit margins on delivery and sellers' end.

Temu offers free goods to some users who successfully encourage new users via affiliate codes. Online purchases on Temu can be made using an Internet browser or through the dedicated app.

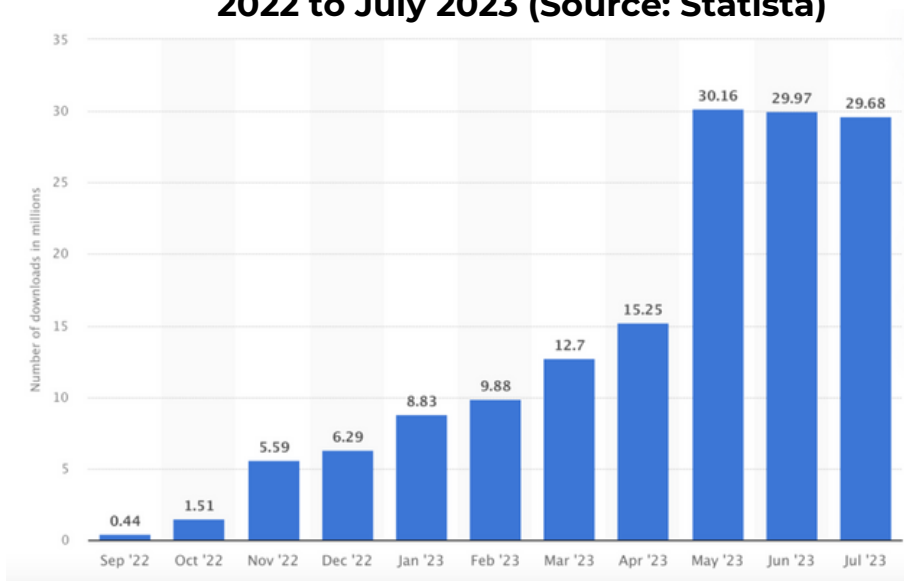
Temu Shopping App Features and Functionality

Temu shopping app is designed to address the challenges faced by traditional retail models and provide a superior retail experience for consumers. Some of the features and functionality of the app are:

1. **Convenience:** The app allows consumers to shop anytime, anywhere, using their smartphones. The app also integrates with various retail partners, such as supermarkets, convenience stores, pharmacies, and restaurants, to enable consumers to order products online and pick them up offline at their nearest location. This reduces delivery time and cost, as well as product quality issues.
2. **Personalization:** The app uses advanced data analytics and artificial intelligence (AI) to understand consumer preferences, behavior, and needs. The app then provides personalized recommendations, offers, and discounts based on these insights. The app also allows consumers to customize their products according to their preferences, such as color, size, style, or ingredients.
3. **Enhanced customer experiences:** The app creates an engaging and entertaining shopping experience for consumers by incorporating gamification and social media features. The app allows consumers to play games, earn rewards, and interact with other users. The app also connects consumers with friendly and knowledgeable staff who can assist them with their queries and purchases.

These features and functionality make the Temu shopping app a one-stop shop for consumers who want to enjoy a convenient, personalized, and fun shopping experience.

Global download performance of Temu from September 2022 to July 2023 (Source: Statista)



Marketing Strategy

One of the reasons that account for the tremendous success of Temu is its marketing strategy. Temu uses online advertising campaigns on Facebook and Instagram to spread the news of its platform to social media users. The results of these adverts have been visible as Temu's installs keep increasing

The Temu platform first went live in the United States in September 2022. In late 2022, the Temu app was the most frequently downloaded app in the United States. In February 2023, Temu launched in Canada. That same month, the company aired a Super Bowl ad. In March 2023, Temu launched in Australia and New Zealand. In the following month, Temu was launched in France, Germany, Ireland Italy, the Netherlands, Spain, and the UK.

It was also the most downloaded app on the Google Play Store in Belgium, Portugal, Ireland and Sweden, according to Similar Web.

Challenges Faced by TEMU

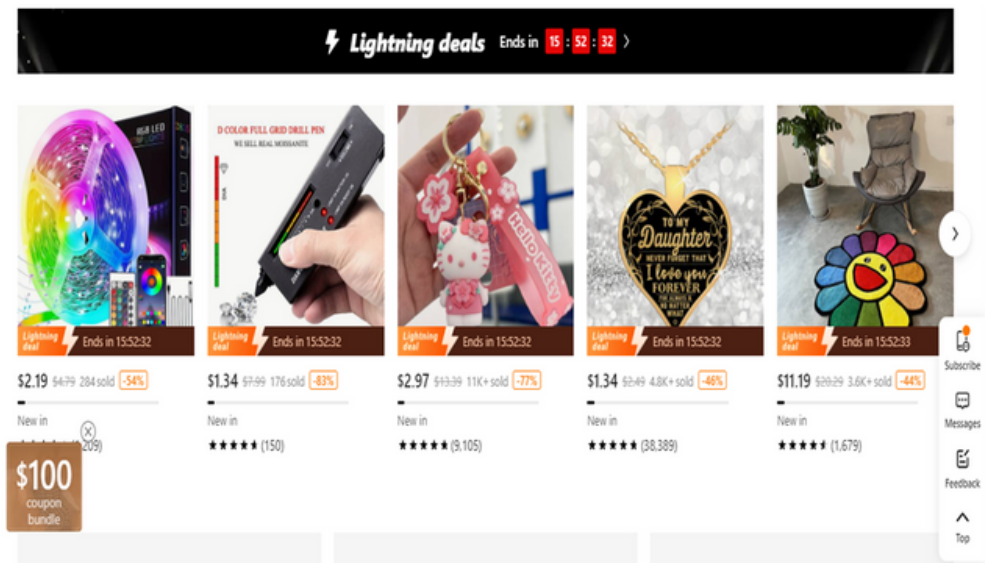
Barely two months after its launch, Temu soared to the top of the iOS free download list in the US, amassing over 19 million downloads worldwide, with 95% of them originating from North America. The timing of Temu's entrance could not have been more perfect, as it capitalized on shifting consumer behaviors spurred by the impact of COVID-19 and global inflation. With consumers' purchasing power reduced and heightened demand for competitively-priced goods available online, Temu's low-priced products were hitting the right notes with savvy shoppers.

However, despite its early triumphs, Temu has not been immune to the challenges that often plague e-commerce platforms. Here are some of the challenges

1. Slow logistics: Users have expressed dissatisfaction with issues such as slow logistics. Due to the fact that Temu's products are manufactured in China and sold worldwide through the app, users have expressed dissatisfaction with the slow rate of logistics. To tackle this issue, Temu offers expedited shipping with different expedition packages and the faster you want your product, the higher you have to pay. Expedited shipping fees are based on weight, starting at around \$10-\$20. Heavier packages can cost \$30-\$50+ for expedited service.

2. Low product quality: There have been complaints about the low quality of products purchased from Temu by its users. This is compared to products from other e-commerce giants like Amazon. This has resulted in negative reviews and a declining user rating on consumer evaluation platforms

3.. Additionally, merchants also expressed concerns after the cancellation of delivery subsidies in December 2022.



Why Temu Keeps topping charts

1. Competitive Pricing and Discounts

One of Temu's strategies that have drawn many users to the app is its ridiculously low prices. Temu offers competitive pricing on its products, along with regular discounts and promotions such as referral discounts. These affordable prices and attractive deals incentivize customers to choose Temu over other online shopping platforms.

Temu is able to offer great products at comparatively low prices thanks to its Next-Gen Manufacturing (NGM) model, which ensures an intelligent and efficient supply chain, effectively reducing costs by at least 50% compared to conventional approaches. In essence, Temu's NGM model empowers sellers to reduce production costs from the design phase to the final delivery, enabling Temu to pass on substantial savings to its customers.



2. Wide Product Selection

Temu offers a wide range of products across various categories, ranging from household equipment to fashion items, sporting equipment and much more. This provides customers with a diverse selection to choose from. This extensive product catalogue attracts a larger customer base and caters to different preferences and needs.

3. Aggressive advertising and Affiliate programs.

Temu invests heavily in social media ads such that social media users can barely scroll through their newsfeeds without seeing something about the app. Temu also uses social media influencers to advertise the app by sending free items to a large number of influencers and micro-influencers to promote Temu on YouTube and TikTok. A younger customer base of users under the age of 35 is particularly attractive to Temu, as younger consumers are typically less able and willing to pay large sums for products.

Seeing a favorite internet personality, celebrity or personal acquaintance promoting the products can lead many young customers to imitate the purchase. Temu's omnipresence on TikTok and YouTube is seen as a key factor in why this marketplace has taken off so quickly. Temu also offers referral bonuses that motivate many users to spread the word about the app to benefit from such bonuses.

4. Gamification

If you are not shopping on Temu, you might as well just be cooling off stress by engaging in one of its many games that reward you at the end.

This is one of the strategies employed by Temu to draw and retain users to the app. The platform offers a variety of interactive games that provide users with enjoyable experiences and opportunities for rewards. For instance, users can engage in the "Fishland" game, where they can raise their own virtual fish family and exchange them for exciting rewards.

There's also the "Lucky Spin" game, where users can spin a wheel for a chance to win enticing prizes. Additionally, the "Scratch Card" game allows users to scratch virtual cards to reveal their winnings. These games are intentionally designed to be user-friendly, captivating, and rewarding, aiming to enhance user engagement and encourage continued participation.

C O N C L U S I O N

In Just one year of existence, Temu has become a household name in the US and fast extending its roots to other areas around the globe. The app's journey began with a vision to revolutionize online shopping, and it is safe to say it has surpassed expectations to become a leading player in e-commerce the industry.

Temu's standout features have been instrumental in its rapid rise. The app's user-friendly interface, personalized recommendations, and seamless browsing experience have set it apart from competitors. By prioritizing customer convenience and satisfaction, Temu has ensured a loyal and engaged user base.

A well-executed marketing strategy has played a crucial role in Temu's success. The company's targeted campaigns, comprehensive social media presence, and strategic partnerships have effectively captured the attention of the target audience. Through creative promotions and enticing offers, Temu has consistently attracted new users and retained existing ones.

However, the journey to the top has not been without its challenges. Temu faced fierce competition from established e-commerce giants and had to navigate a crowded marketplace. Additionally, scaling operations, maintaining product quality, and ensuring timely deliveries presented logistical hurdles.

Nevertheless, the company's commitment to innovation, adaptability, and continuous improvement has enabled it to overcome these challenges and continue to grow.

One of the key reasons for Temu's sustained success lies in its ability to relentlessly focus on user experience, coupled with its commitment to stay ahead of industry trends, has resonated with consumers. By continually refining its offerings, expanding product categories, and incorporating customer feedback, Temu has managed to stay at the forefront of the e-commerce landscape.

The Temu success story serves as an inspiration for aspiring entrepreneurs and showcases the power of a customer-centric approach, strategic marketing, and relentless pursuit of excellence. As the company continues its growth trajectory, it remains poised to redefine the e-commerce space and shape the future of online shopping.