Pinduoduo Inc.

Company Overview

Pinduoduo Inc. is the largest social e-commerce platform in China and biggest online marketplace for agricultural product sales. Founded in September 2015, the company has grown at an unprecedented speed as consumers embraced its pioneering team purchase model and interactive e-commerce.

As of March 2020, Pinduoduo is an online marketplace with 628.1 million annual active buyers, who come to the platform for entertainment and its wide range of value-for-money goods. GMV in the twelve month period ended March 31, 2020 rose to RMB1.2 trillion, surpassing the trillion-yuan mark in under five years, a rate of growth unmatched in the e-commerce industry. Pinduoduo's motto of "Together, More Savings, More Fun" encapsulates its mission to help consumers realize more savings from their shopping and do so in a fun and engaging manner by aggregating user preferences and demand.

Our Vision

Pinduoduo's day-to-day business decisions are guided by three core principles:

Build a mobile commerce platform that benefits all – Our platform is built to benefit consumers, merchants, and partners by making high-quality, value-for-money products accessible. Pinduoduo's user base spans China and mirrors the population distribution of the country. Through our platform, these users are able to access products that may have been previously unavailable to them. At the same time, through the process of demand aggregation and our Consumer-to-Manufacturer (C2M) initiatives, Pinduoduo helps reduce costs throughout the supply chain by driving greater volume of sales, benefiting both our users and merchants.

Put people first — User satisfaction is at the core of everything we do. Our recommendation engine puts people first, and is centered on understanding users and their evolving needs through our innovative "team purchase" model. By focusing on users' needs, we can generate more relevant recommendations for our consumers, aggregate demand, and drive customized production for manufacturers.

Maintain an open platform – People prefer to have more choices. As such, Pinduoduo seeks to grow while maintaining an open platform for our merchants, logistics operators, payment processors, and other ecosystem players. By being open to all participants in the market, PDD can concentrate its resources on the most meaningful investments – increasing user satisfaction.

Pinduoduo by the numbers

GMV[1]
RMB 1.2 trillion
108% YoY Growth

Active buyers[1]
628.1 million
42% YoY Growth

MAU[2]
487.4 million
68% YoY Growth

Revenue[3]
RMB 30.1 billion
130% YoY Growth

Avg. daily orders[4]
65 million

Employees[5]
5,828
Over 60% are engineers

Notes:
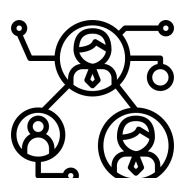1 GMV and active buyers in the twelve month ended Mar 31, 2020
2 Average Monthly Active Users for our mobile app in the three months ended Mar 31, 2020
3 Annual revenue of fiscal year 2019
4 Average daily orders in May 2020
5 Total number of employees ended December 31, 2019

Our Business Highlights

The "Pin" Model

In this new mobile era, Pinduoduo is building a dynamic online community of merchants and consumers that mirrors the social interactions consumers tend to have offline. The innovative "team purchase" model that Pinduoduo has pioneered leverages social networks such as WeChat and QQ so consumers can easily share product information and shopping experiences with family and friends. When two users participate jointly in a team purchase, they both get to enjoy a lower price than if they had bought it individually. This naturally incentivizes users to share and invite their contacts to engage with them on our platform. Pinduoduo can thus benefit from network effects that further stimulate our buyer and GMV growth. As users interact more on our platform, we are able to gain better insights into their shopping preferences and needs, and use that to show them more relevant products, driving a virtuous cycle of even greater user satisfaction and engagement. At the same time, these insights could be relayed to our merchants, to drive the creation of more tailored products for our users.
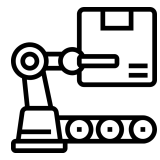
Consumer-to-Manufacturer

As a platform connecting millions of merchants with users, Pinduoduo also sees an opportunity to transform the manufacturing supply chain in China by utilizing the sheer volume of data and traffic generated daily on our platform. Under the traditional mode of retail, developing a new product often involves a lengthy process of market research, focus group testing, feedback through distribution channels and then large-scale production. Through our C2M model, factories can design and produce based on a large volume of anonymized user preference data provided by Pinduoduo, shortening the new product development process by 50%, such that new products can reach the market in a more timely fashion.

New Brand Initiative

Pinduoduo believes that as the manufacturer of the world, we will see many Chinese brands emerge as international brands over time. In December 2018, we launched our "New Brand Initiative" campaign, which aims to support 1,000 manufacturers in developing their own brands.

The platform provides factories and manufacturers with big data analytics on consumers' needs, comprehensive R&D planning on products, and accelerated IP registration with the government. This helps them to offer value-based products that satisfy consumers' ever-changing needs through customized production. Access to Pinduoduo's large user base helps manufacturers to ramp up sales more quickly than conventional channels, helping them speed up the brand-building process.

IP Protection

From the first day, Pinduoduo has had a zero-tolerance approach to counterfeit products and we are one of the most stringent platforms when it comes to enforcing penalties on counterfeits. We take IP protection very seriously and have employed both technological and human intervention to combat infringing products on our platform.

Pinduoduo is the first e-commerce company in China to impose a 10x penalty on merchants found guilty of selling counterfeit goods, with the penalty being applied against the monetary value of the entire batch of goods identified to be counterfeit and then paid out as compensation to all buyers of these products. This is done regardless of whether these buyers actually complained about the products. We have also introduced sophisticated onboarding procedures that all merchants are required to undergo in order to open a store on our platform. With the latest technology in keyword identification, image filtering, text and video imagery recognition, optical character recognition, and semantic analysis, Pinduoduo has developed AI-based models to screen product listings on our platform to identify potentially infringing products.

Internet + Agriculture

Using Pinduoduo's differentiated and personalized approach to e-commerce through our Distributed AI framework, we have developed an "Internet + Agriculture" initiative that aims to facilitate sales between small-scale farmers and consumers. By analyzing a broader amount of data, Pinduoduo's dynamic AI engine can understand consumers better over time, constructing more robust user profiles to better match buyer demands, and provide product trend information that was previously inaccessible to farmers. With our advanced data analytics capabilities, Pinduoduo is helping farmers to better understand user demand and leverage Pinduoduo's unique model to quickly aggregate larger volume orders for their products.

This deeper understanding of consumers makes it possible for farmers to be less dependent on traditional distributors, by allowing them to sell directly to consumers, thereby improving the overall supply chain efficiency and reducing costs. Through this initiative, consumers can get fresher products at a lower price, while farmers earn more through lower distribution costs and larger orders. For farmers, this is additional capital that can be reinvested in farming equipment and better practices to further improve production quantity and quality.

Interaction + Fun

Coupled with the "team purchase" model, we have added to Pinduoduo's interactive and fun shopping experience with the launch of our in-app game Duo Duo Orchard in May 2018. Through the app, users choose a virtual fruit tree (the choices vary depending on seasonality) that they need to tend to in order to grow from a sapling to a fruit tree. Once the user's virtual tree is fully grown, they will receive a free box of real fresh fruit from Pinduoduo.

Over 60 million users log on to the game to play and explore each day. To earn water droplets for their tree, players need to fulfil a variety of missions such as shopping on Pinduoduo's platform, sharing products, and inviting friends to join Pinduoduo. Players can also see how their friends' trees are doing and either help them water their trees or "steal" their water droplets. Duo Duo Orchard is not only an effective channel for incentivizing consumers to browse and purchase, but it also allows users to interact and enjoy shopping with friends. The activity of a user can thus generate positive knock-on effects by activating other users.