

How Temu is taking on the giants of e-commerce

If you have shopped online over the last year or so, chances are you have come across Temu. The e-commerce app that is part of the Chinese conglomerate, Pinduoduo, and has been quite aggressively marketed – even advertising during the Super Bowl – and consequently in the United States alone it had more downloads than companies like Amazon and Walmart during the second quarter of 2022.

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If you are one of the many who have downloaded the app, you will know almost anything can be purchased on it. You can find clothes, shoes, electronics and much more, and interestingly you will immediately notice the preponderance of low priced products. It is often what attracts many people to their platform, where they are seduced by the enormous range of very low priced items.

Like the very popular Chinese fashion platform Shein, Temu ships products directly from the factory to the customer. This saves a lot of costs on department stores and logistics, allowing them to price their products much lower than traditional retailers.

Using Artificial Intelligence to drive success

One thing you may, or may not, notice as you use the Temu app, is that its algorithms profile you very quickly. It remembers which products you look at longer than others, what you click on and for which items you seek

additional information. In less than half an hour, the system gets to know you and begins to show you more and more products that fit your search profile. It is easy to see how this flow of products tailored to each individual's sphere of interest, at very low prices, is appealing – even addictive – for many people.

In this sense, the algorithms that Temu is built upon are very similar to the ones used by Shein and TikTok. At Shein (which is now bigger than H&M and Zara in terms of turnover), you are constantly shown new clothes that the artificial intelligence knows you like. The clothes are virtually designed to suit your taste. Shein also has no problem producing clothes in small quantities, so you get a very strong form of personalisation. Their production works completely in reverse to that of a classic fashion house. In the classic process, a designer designs the clothes, then the clothes go to the shop where the consumer buys them. At Shein, it looks at what people click on and throw in their shopping basket, and it is only then that the clothing is produced. This means that the data and the consumer essentially decide on what is produced.

A characteristic driving the success of these three companies is the level of efficiency of their algorithms. In a very short time, each system comes to know you very well, and begins to constantly feed you content that is within your interests. The result is of course that many people also become addicted to these platforms, and inevitably these companies will come under heavy criticism for their methods.

What can other companies learn?

Is luring young people to become addicted to a social network ideal for their futures? Are fashion producers like Shein and Temu pushing the consumer society in a direction we should be trying to avoid if we want to keep the climate somewhat under control?

Whatever you think of the ethics behind these companies, I think it is to explore what we can learn from this technology, as well as considering its social impact.

TikTok's main factor for success is undoubtedly its interface: it is fast, easy, entertaining and informative. In my opinion, these are the characteristics of the interface of the future, yet most of the existing technology we use day-to-day lacks these characteristics.

Consider Google's search engine, for example. When you enter a question, you get millions of links and need to search within these for the response that best suits your interests. Of course, over the years Google has found ways to consolidate and prioritise search results, but even now the output remains a long list of links. The same happens if you search for a house to buy or a hotel to book; the output is an endless list of options.

If you were to compare the user interfaces of Google and TikTok today, I think it just reveals the latter's superiority. Technology today makes it possible to create fast, easy to use, entertaining and educational interfaces. In response to the trend that is driving Temu's success, Amazon is now also experimenting with a more TikTok-style interface as a way to introduce products to its customers. Similarly, Spotify is working with an AI DJ that selects music for users and bridges the selections if desired.

So whether your business is a retailer, a travel company, an online service provider or in fact in almost any other sector, perhaps it is time to at consider the possibilities of making your interface a little bit more 'TikTok'?

Steven van Belleghem is a world-leading expert in customer experience and the author of *A Diamond in the Rough*.

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