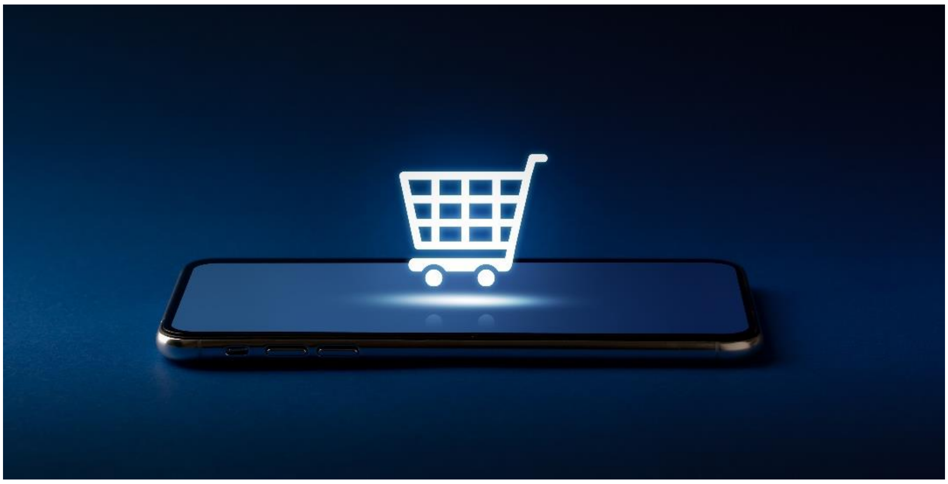
HKUST LI & FUNG
SUPPLY CHAIN INSTITUTE

15 – 21 November 2024

China Retail & E-commerce Weekly Update



Helen Chin
Head

William Kong
Manager

Brigitte Ng

HKUST LI & FUNG
SUPPLY CHAIN INSTITUTE
LSK Business Bldg
The Hong Kong University of Science & Technology
Clear Water Bay Kowloon
Hong Kong
E: ustlfsci@ust.hk

I. Sector Review

Internet & E-commerce

Alibaba's revenue up by 5% yoy to 236.5 billion yuan in September quarter

Alibaba (阿里巴巴) recently released its financial results for the second quarter of fiscal year 2025 (ended 30 September 2024). During this quarter, Alibaba's quarterly revenue rose 5% yoy to 236.5 billion yuan. Alibaba's Chinese commerce platforms, Taobao (淘宝) and Tmall (天猫), delivered online gross merchandise value (GMV) growth supported by double-digit year-over-year order growth. Taobao and Tmall's 88VIP members, China's most coveted consumer cohort, reached 46 million. Furthermore, Taobao and Tmall's 11.11 promotion showed strong growth, with the number of buyers reaching a record high. Furthermore, Alibaba's cloud business showed strong growth momentum in external client revenue contribution. Overall cloud revenue, excluding Alibaba-consolidated subsidiaries, grew over 7% yoy, driven by double-digit growth in public cloud products and triple-digit growth in AI-related product revenue for the fifth consecutive quarter.[1]

JD.com expands instant retail with JD NOW flagship stores

JD.com (京东) recently announced that over 100 brands have joined its JD NOW (京东秒送) platform, launching flagship stores that offer one-click shopping with free delivery as fast as within nine minutes. The first batch of brands covers multiple categories, including beverages and dairy products, snacks and fast food, wine and beverages, cooking and condiments, mobile phones and digital products, personal care and beauty, etc.; the brands include Yanghe Brewery (洋河), Xijiu (习酒), Heineken, Nongfu Spring (农夫山泉), Mengniu (蒙牛), Liby (立白), Xiaomi (小米), Heilan Home (海澜之家), Decathlon, Miniso (名创优品), etc. These flagship stores can be accessed through the search function on the JD.com app.[2]

Amazon Global Store launches flagship store on JD.com

Amazon Global Store officially launched its flagship store on JD.com (京东) on 19 November offering Chinese consumers access to more than 400,000 international products from 12,000 brands. The launch coincides with the 'Amazon Global Store Black Friday Shopping Festival', which will go live on JD.com starting 21 November, offering many imported products with discounts of up to 30%. The store will also offer limited free shipping and up to two-day delivery for global products. These international brands cover a full spectrum of goods such as health, digital, beauty, home, toys, and outdoor goods.[3]

Xianyu exceeds 600 million registered users and reveals new AI tools

At the 29th United Nations Climate Change Conference, Xianyu (闲鱼), a second-hand goods trading platform of Alibaba, said that the company accelerated its exploration of AI technology this year, launching multiple AI products to enhance user experience and transaction efficiency. Xianyu also announced that it has over 600 million registered users with an annual growth rate close to 30%. In the past year, more than 30 million post-1995 users have flocked to the platform. At the beginning of 2024, Xianyu's average daily GMV exceeded one billion yuan.[4]

Vipshop's 3Q24 net revenue reaches 20.7 billion yuan as GMV reaches 40.1 billion yuan

Vipshop (唯品会) recently released its financial results for the third quarter of 2024. During this period, the company's net revenue reached 20.7 billion yuan; non-GAAP net profit was 1.3 billion yuan. The company's GMV in the third quarter was 40.1 billion yuan, the number of total orders was 163.9 million, the number of active customers was 39.6 million; and the number of active Super VIP (SVIP) users increased by 11% yoy.[5]

Kuaishou's 3Q24 GMV reaches 334.2 billion

Kuaishou (快手) recently released its financial results for the third quarter of 2024. During this period, the company’s revenue rose by 11.4% to 31.13 billion yuan, driven primarily by domestic operations, which generated 29.8 billion yuan of revenue, while international revenues reached 1.33 billion yuan; net profit reached 3.9 billion yuan, a year-on-year increase of 24.4%. Core business revenue, including online marketing services and other services (including e-commerce) revenue, increased by nearly 20% yoy, and the market share continued to increase. In terms of user scale, Kuaishou's average daily active users increased by 5.4% yoy to 408 million, and average monthly active users increased by 4.3% yoy to 714 million – both of which were record highs. During the quarter, Kuaishou's e-commerce GMV reached 334.2 billion yuan, an increase of 15.1% yoy, and the number of monthly active buyers increased by 12.2% yoy to 133 million.[6]

Tmall establishes Youyoujia E-commerce Co., Ltd in Jilin

Jilin Youyoujia E-commerce Co., Ltd was recently established. The company's registered capital is one million yuan. Its business scope includes home appliance sales, supply chain management services, artificial intelligence hardware sales, smart robot sales, wearable smart device sales, second-hand daily necessities sales, and smart home consumer equipment sales. Shareholder information shows that the company is wholly owned by Tmall (天猫). It is noteworthy that Tmall has established e-commerce companies in many locations recently.[7]

Meituan Delivery invests one billion yuan in helping catering merchants innovate product offering and business model

Meituan (美团) recently announced that it would invest one billion yuan to provide more support for catering merchants and promote healthy industry development. The fund will be used to help high-quality small and medium-sized merchants optimize their businesses, support product and business model innovation, and accelerate the digitalization of Chinese time-honoured brands. The funds will be distributed in batches from 31 December onwards. Meituan will specifically invest 500 million yuan to provide cash support and platform subsidies ranging from 5,000 yuan to 50,000 yuan (based on their operating scale) for high-quality small and medium-sized catering merchants that have been operating on the platform for more than three years, have high repurchase rates and a good reputation. The fund will help merchants optimize their supply chain, improve service standards, and launch more high-quality and cost-effective meals. At the same time, the seven-day traffic support period for new stores will be extended to a maximum of 14 days to help new merchants achieve growth.[8]

Yatsen E-commerce's 3Q24 revenue reaches 677 million yuan as net loss totals 121.1 million yuan

Yatsen E-commerce (逸仙电商) recently released its financial results for the third quarter of 2024. During this period, the company's revenue decreased by 5.7% yoy to 677 million yuan. The decrease was primarily due to a 10.0% yoy decrease in net revenue from colour cosmetics brands such as Perfect Diary (完美日記), partially offset by a 3.6% yoy increase in net revenue from skincare brands. Its three major skincare brands, namely Galénic (科兰黎), DR. WU (达尔肤) and Eve Lom, had a net revenue increase of 10.5% yoy, helping the skincare business achieve steady growth. The proportion of skincare revenue to total revenue was 39.6%, as compared with 36.0% for the prior year period. The company's net loss was 121.1 million yuan, compared with 197.9 million yuan in the same period last year; its non-GAAP net loss was 76.6 million yuan, compared with 130.2 million yuan in the same period last year.[9]

Supermarkets & Hypermarkets

Walmart China's net sales in the first three quarters of 2024 exceed 100 billion yuan

Walmart recently released its financial results for the third quarter of fiscal 2024 (ended 31 October). During the third quarter, the company's performance in China stood out, as net sales climbed 17% yoy to US$4.9 billion, with comparable sales up 15% yoy and e-commerce net sales rising 25% yoy. The growth in China was largely fuelled by its membership-only store chain Sam's Club and e-commerce operations. Walmart China's net sales in the first two quarters were US$5.7 billion (41.2 billion yuan) and US$4.6 billion (33.3 billion yuan), respectively. As such, Walmart China's net sales in the first three quarters totalled a record high of US$15.2 billion (110 billion yuan). [10]

Retail Logistics

JD Logistics' 3Q24 revenue up by 6.6% yoy to 44.4 billion yuan

On November 14, JD Logistics (京东物流) released its third-quarter financial results for 2024. During the quarter, JD Logistics' total revenue was 44.4 billion yuan, a year-on-year increase of 6.6%; external customer revenue accounted for more than 70% of the total revenue, and the number of external integrated supply chain customers was nearly 60,000. During this period, JD Logistics' net profit reached 2.205 billion yuan, a year-on-year increase of 385.68%; adjusted net profit reached 2.57 billion yuan, largely due to JD Logistics' ongoing promotion of technological innovation, network and product upgrades, and refined management, improving the efficiency of core resource use and achieving greater economies of scale. As of the end of the third quarter, JD Logistics had more than 1,600 warehouses and more than 2,000 cloud warehouses operated by third-party owners within the cloud warehouse ecosystem, with a total storage management area of more than 32 million sqm; the storage network has covered almost all counties and districts in the country.[11]

Food & Beverage

Domino's Pizza opens 1,000th China store in Chengdu

Domino's Pizza China recently opened its 1,000th restaurant in China, located in Chengdu; the company currently operates 1,000 stores across 33 cities in China. In terms of new store's first-month sales, Domino's stores in China occupied 28 of the top 30 stores across 21,000 locations worldwide. Furthermore, In the third quarter of 2024, DPC Dash, Domino's Pizza's exclusive master franchisee in the China Mainland, achieved its 29th consecutive quarter of positive same-store sales growth since the third quarter of 201. Looking ahead, Domino's Pizza China plans to open 300 to 350 new stores annually in 2025 and 2026.[12]

II. Market Overview

NBS: Total retail sales of consumer goods up by 4.8% yoy in October

According to the National Bureau of Statistics (NBS), in October, China's total retail sales of consumer goods reached 4.5396 trillion yuan, up by 4.8% yoy. By types of consumption, retail sales of goods reached 4.0444 trillion yuan, up by 5.0% yoy; catering revenue was 495.2 billion yuan, up by 3.2% yoy. From January to October, total retail sales of consumer goods were 39.896 trillion yuan, a year-on-year increase of 3.5%. By types of consumption, retail sales of goods amounted to 35.4593 trillion yuan, an increase of 3.2% yoy; catering revenue was 4.4367 trillion yuan, an increase of 5.9% yoy. In the first ten months, online retail sales of physical goods reached 10.333 trillion yuan, up by 8.3% yoy, accounting for 25.9% of total retail sales of consumer goods.[13]

References (in Chinese)

[1] 《阿里巴巴：2025 财年 Q2 收入 2365.03 亿元，同比增长 5%》，2024 年 11 月 15 日，第一财经网

https://www.yicai.com/news/102360592.html

[2]《京东加码即时零售：秒送旗舰店上线》，2024 年 11 月 18 日，东方财富网

https://finance.eastmoney.com/a/202411183243188258.html

[3]《“亚马逊海外官方旗舰店”在京东正式》，2024 年 11 月 19 日，联商网

http://www.linkshop.com/news/2024525489.shtml

[4]《闲鱼注册用户数破 6 亿 “闲鱼 AI 智能体”亮相》，2024 年 11·月 19 日，网经社

http://www.100ec.cn/detail--6644294.html

[5]《唯品会三季度净营收 207 亿元 GMV 达 401 亿元》，2024 年 11 月 20 日，电商报

https://www.dsb.cn/p/01jd3p2wxfdn5pzs5me52kqsgr

[6]《快手发布 Q3 电商 GMV 达 3342 亿》，2024 年 11 月 20 日，联商网

http://www.linkshop.com/news/2024525527.shtml

[7]《天猫在吉林成立优悠家电商公司》，2024 年 11 月 21 日，网易

https://www.163.com/dy/article/JHHHHA6O05567I2C.html

[8]《美团外卖投入 10 亿元助力餐饮商家创新》，2024 年 11 月 21 日，电商报

https://www.dsb.cn/p/01jd65jhpcbceejmt8jabch9ds

[9]《逸仙电商三季度营收 6.77 亿元 净亏损 1.211 亿元》，2024 年 11 月 21 日，网经社

https://www.100ec.cn/detail--6644418.html

[10]《沃尔玛中国前三季度净销售额超 1000 亿》，2024 年 11 月 20 日，新浪财经网
https://finance.sina.com.cn/roll/2024-11-20/doc-incwspwu2216810.shtml

[11]《京东物流三季度营收 444 亿元 同比增长 6.6%》，2024 年 11 月 15 日，网经社
https://www.100ec.cn/detail--6644163.html

[12]《达美乐中国第 1000 家门店亮相成都，迈入“千店俱乐部”》，2024 年 11 月 15 日，东方财富网

https://finance.eastmoney.com/a/202411153241193125.html

[13]《2024 年 10 月份社会消费品零售总额增长 4.8%》，2024 年 11 月 15 日，国家统计局

https://www.stats.gov.cn/sj/zxfb/202411/t20241115_1957427.html

HKUST Li & Fung Supply Chain Institute

The HKUST Li & Fung Supply Chain Institute accelerates the creation, global dissemination, and practical application of new knowledge and technologies for managing supply chains. Jointly established by international research university HKUST and supply chain industry leader Li & Fung, the Institute engages in collaborative research, exchanges, professional development and executive education to driving real-world impact across the region and globally, while contributing to Hong Kong's development as a multinational supply chain management center.

For more information, please visit www.funggroup.com.