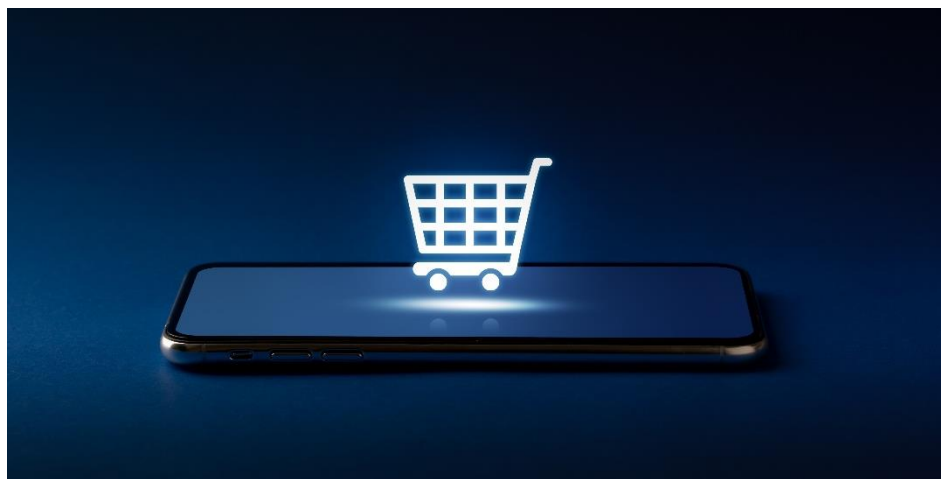


China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Ele.me launches ‘crazy savings’ promotion as part of 11.11 shopping festival

Ele.me (饿了么) recently launched a ‘crazy savings’ promotion as part of its 11.11 shopping festival. During the event, Ele.me offers multiple rewards and discounts, including over 60,000 free orders, over 100,000 items priced at 0.01 yuan, and 50% off vouchers. According to the marketing director of Ele.me’s 11.11 project, ‘For this year’s 11.11, we continued the platform’s unique strategies such as free orders and one cent purchases. By cooperating with catering and retail merchants of various categories, we provide consumers with efficient low-cost experience, while also boosting offline business.’¹

Douyin E-commerce: 49 apparel-brand livestream studios’ GMV exceed 10 million yuan during 11.11 promotion

During the 11.11 shopping festival, Douyin (抖音) Mall’s apparel GMV increased by 91% yoy, and search GMV increased by 77% yoy. Key categories have also performed well during the festival. For example, through the ‘Top 100 New Influencers’ event, 49 livestream studios hosted by apparel brands have exceeded 10 million yuan in GMV. Within three days after the opening of 11.11, the total GMV of apparel brands increased by 92% yoy, the order volume increased by 90% yoy, and shelf-based GMV increased by 147% yoy. Nearly 100 major clothing brands have exceeded 10 million yuan in GMV, 770 clothing brands have increased their GMV by more than 100% yoy, and more than 480 brands have increased their GMV by more than 200% yoy.²

Dingdong Maicai’s 3Q24 revenue reaches 6.54 billion yuan with a net profit of 133 million yuan

Dingdong Maicai (叮咚买菜) recently released its financial results for the third quarter of 2024. The company’s GMV for the quarter reached 7.27 billion yuan, a 28.3% increase year-on-year, while revenue climbed to 6.54 billion yuan, a 27.2% increase year-on-year. Net profit was 133 million yuan, a significant increase of 6240.6% yoy. Furthermore, the company’s non-GAAP net profit reached 160 million yuan, an increase of 942.0% yoy. In terms of revenue sources, product revenue was 6.4584 billion yuan, compared with 5.0825 billion yuan in the same period last year; service revenue was 79.8 million yuan, compared with 57.2 million yuan in the same period last year.³

ByteDance adds video generation feature to AI chatbot Doubao

ByteDance (字节跳动) recently began testing a new video-generation feature to its AI chatbot Doubao (豆包). The Doubao chatbot – powered by its namesake large language model – has started testing a new video function that is able to convert text or images into lifelike video clips. Currently available to a select group of early adopters, the feature supports advanced camera movements and various artistic styles.⁴

Xiaohongshu: Number of overseas brands creating content-based marketing triples in two years

At the 7th China International Import Expo which was recently held in Shanghai, Xiaohongshu (小红书) released data showing that ‘planting grass’ (i.e., product marketing through recommendations and influencer content) has become a bridge for overseas brands to connect to the Chinese market. In the past two years, overseas small and medium-sized brands have set off a wave of ‘planting grass’ in China. In 2023, the number of overseas brands ‘planting grass’ on Xiaohongshu was twice that of 2022; as of October this year, this number reached three times that of 2022.⁵

JD Supermarket launches discount snack category with 500 million yuan investment

On 7 November, the night before JD.com’s (京东) 11.11 shopping festival began, JD Supermarket (京东超市) quietly launched its new discount snack store format. JD.com plans to invest 500 million yuan in the ‘Snack Plaza’, including price subsidies and changes in warehousing and logistics facilities. The goal is to benchmark prices against all online and offline retailers and achieve the lowest prices on the market. The Snack Plaza page currently offers more than 1,000 snacks from over 300 brands, most of which are in small packages, making it easier for consumers to buy more and try new things. It has a ‘minus 100 yuan for every 199 yuan’ discount on weekdays during non-promotional periods, i.e. a 50% discount.⁶

Supermarkets & Hypermarkets

JD.com’s 7Fresh completes its front-end warehouse integration

JD.com’s (京东) 7Fresh (七鲜) supermarket recently completed its front-end warehouse integration, significantly improving the fulfilment efficiency and service experience of online orders. When users purchase products on the JD.com app’s self-operated grocery shopping portal, it will show that the fashion and delivery services are provided by JD.com’s 7Fresh. Previously, the delivery service of the self-operated grocery shopping portal was provided by JD.com’s front-end warehouses. At the same time, 7Fresh has launched a new discount promotion, with some products going as low as 50% off.⁷

InZone's first self-adjusted Supermarket store re-opens

On 2 November, the Qilishan store of InZone (银座) Supermarket in Jinan, Shandong re-opened after 15 days of adjustment and upgrades, alongside the re-opening of the Jingzi Supermarket in InZone Shopping Mall in Jinan. The Qilishan store, InZone Group's first self-adjusted store, optimized its product structure according to industry benchmarks, eliminating 13,406 or 40% of old products. At the same time, new products including trendy categories and Internet-popular products were carefully introduced, while retaining top luxury brands and special products.⁸

Home Appliances

Suning.com's 3Q24 revenue reaches 12.24 billion yuan while net profit reaches 84 million yuan

Suning.com (苏宁易购) recently released its financial results for the third quarter of 2024. The company's revenue in the first three quarters was 38.022 billion yuan, a year-on-year decrease of 21.86%; in the third quarter, its revenue was 12.24 billion yuan, a year-on-year decrease of 16.26%. In the first three quarters, the net profit attributable to shareholders reached 599 million yuan, turning from loss to profit; in the third quarter, its net profit attributable to shareholders was 584 million yuan, a four-year high. Suning.com stated in its financial report that, driven by the national policy of trading in old products for new ones, the sales volume of Suning Appliance stores in September increased by 49% month-on-month from August, achieving year-on-year growth. However, sales performance was weak in July and August, resulting in a decline in revenue in the third quarter.⁹

Luxury

LVMH announces strategic sustainability partnership with Swire in China

LVMH Group and Swire Properties recently announced a partnership to promote sustainable business practices at the 7th China International Import Expo on 6 November. The partnership covers new store openings, office spaces, and future renovations for LVMH brands in six Chinese mainland cities (Beijing, Shanghai, Guangzhou, Chengdu, Xi'an, and Sanya) as well as Hong Kong. The total floor area of these stores and offices spans 50,000 sqm. The partnership will continue until the end of 2027 and is expected to be renewed thereafter.¹⁰

Food & Beverage

KCOFFEE opens 500th location in Shanghai

Yum China's (百胜中国) KCOFFEE (肯悦咖啡) recently opened its 500th location in Shanghai's Xujiahui Metro City. Alongside the main KFC brand, KCOFFEE focuses on offering value for money in a trendy and unique environment.¹¹

Yum China's core operating profit increases by 18% yoy in 3Q24

Yum China (百胜中国) recently announced its financial results for the third quarter of 2024. Total revenues increased by 5% yoy to US\$3.07 billion, an all-time quarter high. Operating profit grew 15% yoy to US\$371 million, while core operating profit increased by 18% yoy to US\$369 million. System sales increased by 4% yoy, and the same-store transaction volume grew for the seventh consecutive quarter. Delivery sales grew by 18% yoy, maintaining double-digit annual growth over the past decade. Total store count reached 15,861 as of September 30, 2024, including 11,283 KFC stores and 3,606 Pizza Hut stores. The company opened 438 net new stores in the third quarter, of which 145 stores or 33% were opened by franchisees. KFC in particular opened 352 net new stores during the quarter, of which 134 stores or 38% were opened by franchisees.¹²

II. Market Overview

Total 11.11 online sales this year reach 845 billion yuan as of 30 October

As of 30 October, the total online sales during the 11.11 promotional period this year reached 845 billion yuan. Among them, comprehensive e-commerce accounted for 80.3%, and livestreaming e-commerce accounted for 19.7%. Specifically, among the major categories, home appliances ranked first with sales of 132.4 billion yuan, accounting for 15.7% of the total sales. 'Mobile phones and digital products' and clothing categories ranked second and third, with sales of 120.1 billion yuan and 118.4 billion yuan, accounting for 14.2% and 14.0% of the total sales respectively.¹³

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Fung Business Intelligence

Fung Business Intelligence collects, analyses and interprets global market data on sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to monitor, research and report on these global issues with a particular focus on business trends and developments in China. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consulting services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including sourcing, logistics, distribution and retail. The Fung Group comprises over 26,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

Listed entities of the Group include Global Brands Group Holding Limited (SEHK: 00787) and Convenience Retail Asia Limited (SEHK: 00831). Privately-held entities include Li & Fung Limited, LH Pegasus, Branded Lifestyle Holdings Limited, Fung Kids (Holdings) Limited, Toys "R" Us (Asia) and Suhyang Networks.

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