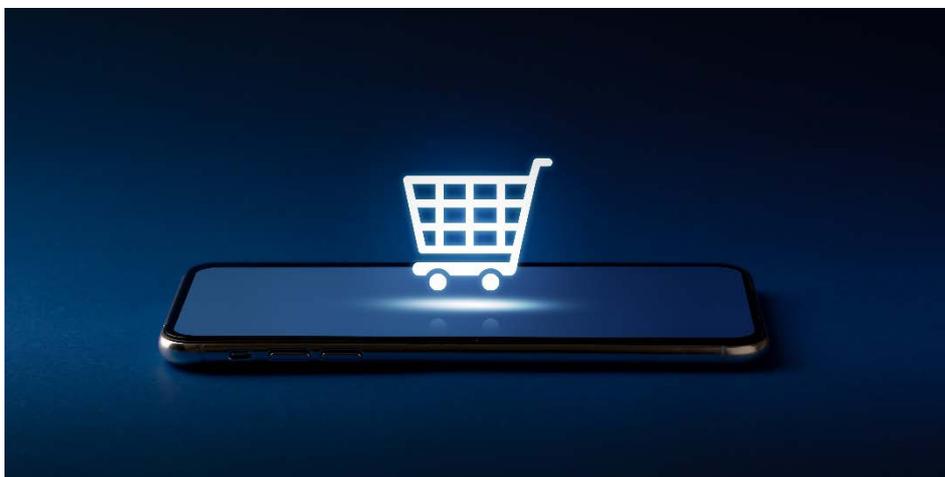


China Retail & E-commerce Weekly Update



I. Sector Review 2

Internet & E-commerce 2

Xiaohongshu launches website 2

Meituan: Orders for Valentine’s Day dine-in set meals up by 554% yoy 2

Meituan: Sales of Valentine’s Day-related products increase by over tenfold 2

Tmall now provides in-house perfumers for fragrance consultations 2

Douyin Lifestyle Services launches industry’s first ‘store visit regulations’ 3

WeChat official accounts improve picture message function 3

Dingdong Maicai’s revenue reaches 6.2 billion yuan in 4Q22 3

Furniture and Home Improvement 3

Suning.com reopens 34 stores during the ‘Spring Home Improvement Festival’ 3

Home Electronics and Appliances 4

GOME Electrical Appliances plans to expand its franchise store network to 3,200 locations this year 4

Luxury 4

Tiffany & Co. launches its first third-party online flagship store in China on JD.com .. 4

Miscellaneous 4

JD.com signs a strategic partnership agreement with Beijing Orient Landscape and Tai’an county government 4

II. Market Overview 5

Annual output value of Shenzhen’s cross-border e-commerce industry exceeds 500 billion yuan 5

CCFA: Consumption at physical supermarkets during the Chinese New Year period picks up 5

2022 China Luxury Report: Chinese luxury consumption accounts for 38% of the global market 5

Henan Province’s e-commerce transaction volume up 3.5% yoy in 2022 5

References (in Chinese) 6

Helen Chin
Vice President

William Kong
Senior Research Manager

Brigitte Ng
Research Analyst

Vivian Liang
Assistant Manager

Fung Business Intelligence
11/F LiFung Tower
868 Cheung Sha Wan Road
Kowloon, Hong Kong
T: (852) 2300 2470
F: (852) 2635 1598
E: fbicgroup@fung1937.com
W: <http://www.fbicgroup.com>



I. Sector Review

Internet & E-commerce

Xiaohongshu launches website

Xiaohongshu (小红书) recently launched its web platform, which can be accessed at xiaohongshu.com. The web platform allows users to repost, comment, give likes, and follow other users. This web version can display ten posts on one screen.¹

Meituan: Orders for Valentine's Day dine-in set meals up by 554% yoy

Recent Meituan's (美团) data show that consumption on Valentine's Day has grown rapidly. As of 13 February, the search volume for keywords related to 'date night restaurants' increased by 349% yoy, and reservations for restaurants on Valentine's Day increased substantially as well. The number of orders for Valentine's Day dine-in set meals increased by 554% compared with the same period last year, while the number of stores offering corresponding set meals increased by 160% yoy.²

Meituan: Sales of Valentine's Day-related products increase by over tenfold

According to Meituan's (美团) data, during 6-12 February, the search volume of keywords related to Valentine's Day on the platform rose significantly, with a week-on-week increase of more than 378 times. Furthermore, the on-demand retail sales of Valentine's Day-related products increased by more than 10 times month-on-month. The volume of orders containing keywords related to Valentine's Day in the 'order remarks' increased by more than 1,555 times from the previous month. In terms of gifts, in addition to flowers, cosmetics and desserts are also popular choices for Valentine's Day. During the period, the on-demand retail sales of flowers, lipsticks, cosmetics, perfumes, chocolates, and cakes increased by 66%, 35%, 12%, 10%, 5%, and 3% respectively.³

Tmall now provides in-house perfumers for fragrance consultations

Tmall (天猫) recently hired the first batch of licensed online perfumers to provide consumers with consulting services such as professional fragrance usage tips, gift suggestions, and knowledge about perfume. These perfumers will first provide services in the official Tmall flagship stores of YSL, Valentino and PRADA before gradually expanding to other well-known domestic and international brands. Over the past two years, Tmall's fragrance and aromatherapy sector has grown into a market worth tens of billions; many sub-sectors such as salon fragrances and scented candles continue to see double-digit growth rates. The new perfumers are expected to further popularize fragrance and aromatherapy consumption through professional services.⁴

Douyin Lifestyle Services launches industry's first 'store visit regulations'

Douyin Lifestyle Services (抖音生活服务) recently published the industry's first 'Store Visit Regulations' to crack down on false advertising. The regulations clarified the code of conduct, rights and responsibilities that merchants and influencers should abide by during store visits for advertising purposes. The platform also launched corresponding products to ensure that these regulations will be implemented. The regulations and products have been piloted in eight cities, including Chengdu and Nanjing, and will gradually expand to the whole country after testing and optimization.⁵

WeChat official accounts improve picture message function

WeChat (微信) recently upgraded the picture message function for all official accounts, including the following new features: the creator can fill in a title; the description is expanded from 140 characters to 300 characters; users can scroll horizontally to browse all pictures on mobile, and the display ratio is 3:4. Picture content is now displayed as a small card with the picture on top, featuring the new horizontal sliding function of the 3:4 picture display, above the title and content.⁶

Dingdong Maicai's revenue reaches 6.2 billion yuan in 4Q22

Online grocery company Dingdong Maicai (叮咚买菜) recently released its financial results for 4Q22. The company's revenue for this period was up 13.1% yoy, reaching 6.2 billion yuan. It also reported its first quarterly GAAP profit (49.9 million yuan) in the quarter. Dingdong Maicai's profit is largely thanks to increased revenue from its own-branded meal kits, as well as cost reductions. Dingdong recorded total revenue of 24.22 billion yuan in 2022, up 20.4% yoy.⁷

Furniture and Home Improvement

Suning.com reopens 34 stores during the 'Spring Home Improvement Festival'

Suning.com (苏宁易购) has launched the 'Spring Home Improvement Festival' nationwide recently. It cooperates with home appliance and home improvement brands, local governments, banks and other partners to increase consumption subsidies. It also plans to renovate and reopen 34 new stores across over 10 cities, including Beijing, Nanjing, Suzhou, Shenzhen and Guiyang. According to a company representative, the demand for home decoration gradually increased after the Chinese New Year. At Suning Yijia's (苏宁易家) store in Guanyinqiao, Chongqing, the overall customer traffic increased by 101% mom since its reopening in February, while the weekend customer traffic increased by 135% mom.⁸

Home Electronics and Appliances

GOME Electrical Appliances plans to expand its franchise store network to 3,200 locations this year

Li Juntao, senior vice president at GOME Electrical Appliances (国美电器), recently announced that the company will continue to streamline its self-operated physical stores and retain more than 300 main self-operated stores while expanding its franchise business. In terms of scale, the company aims to expand from the existing 2,407 franchise stores to over 3,200 stores. In addition, it plans to introduce an investment partnership model – the partners will include property owners, brand owners, store managers, agents, and promoters.⁹

Luxury

Tiffany & Co. launches its first third-party online flagship store in China on JD.com

Luxury jewellery brand Tiffany & Co. recently joined the JD.com (京东) platform. This is the first time that Tiffany & Co. has partnered with a third-party online retail platform in China. From now on, consumers can search for 'Tiffany' on the JD.com app in order to access the flagship store. Chinese consumers will be able to access nearly 1,000 items from Tiffany & Co., including jewellery, diamond rings, home products, and perfume. This move will increase Tiffany & Co's presence in the Chinese market and further enrich consumers' shopping experience. It also marks another breakthrough in JD.com's partnerships with the top luxury brands.¹⁰

Miscellaneous

JD.com signs a strategic partnership agreement with Beijing Orient Landscape and Tai'an county government

JD Technology (京东科技), Beijing Orient Landscape and Environment Co. (北京东方园林环境股份有限公司) and the Tai'an county government in Anshan, Liaoning recently signed a strategic partnership agreement. The goal of the partnership is to promote the sustainable development of the beef cattle industry and jointly establish a digital and intelligent public service system for the industry. They also aim to integrate digital technology and the real economy, and promote the integration of primary, secondary and tertiary industries.¹¹

II. Market Overview

Annual output value of Shenzhen's cross-border e-commerce industry exceeds 500 billion yuan

According to data from the Shenzhen Municipal Bureau of Commerce, the import and export volume of cross-border e-commerce in Shenzhen is estimated to exceed 180 billion yuan in 2022, a year-on-year increase of more than 2.3 times, and an increase of about 130 billion yuan compared with 2021. At present, cross-border e-commerce in Shenzhen is growing explosively, and the annual output value of the cross-border e-commerce industry has exceeded 500 billion yuan. According to a Shenzhen Customs official, the city's overseas warehouse model allows domestic cross-border e-commerce companies to export goods to overseas warehouses for storage first, and then distribute and ship them in time after orders are placed, thus increasing their competitiveness.¹²

CCFA: Consumption at physical supermarkets during the Chinese New Year period picks up

The China Chain Store and Franchise Association (CCFA) recently conducted a survey of supermarket sales among 54 supermarket companies across the country. The survey shows that the actual sales of the surveyed enterprises during the Chinese New Year have improved from last year. Sales peaked two days earlier than in previous years, and overall sales have increased significantly during this period. The subsequent report states that the consumer market during the Chinese New Year holiday period shows obvious signs of recovery, and the offline consumer market has revived.¹³

2022 China Luxury Report: Chinese luxury consumption accounts for 38% of the global market

China's consumer research and consulting institution Yaok Group (要客研究院) recently released the *2022 China Luxury Report*. In 2022, the sales of the Chinese luxury goods market reached 956 billion yuan, accounting for 38% of the global luxury goods market, and the Chinese market remains the most important force in global luxury consumption.¹⁴

Henan Province's e-commerce transaction volume up 3.5% yoy in 2022

Data from the National Bureau of Statistics show that the e-commerce transaction volume of goods and services in Henan Province increased by 3.5% yoy to 1.212 trillion yuan in 2022. Henan now ranks 11th in the country. According to the Henan Provincial Bureau of Statistics, there were many bright spots last year as the province's e-commerce sector grew steadily. In 2022, the e-commerce sales of enterprises above designated size in the province reached 524.175 billion yuan, a year-on-year increase of 2.7%.¹⁵

References (in Chinese)

- 1 《小红书新增网页版》，2023年2月10日，亿邦动力网
<https://36kr.com/newsflashes/2119707274938500v>
- 2 《美团：情人节主题堂食套餐订单量同比增长 554%》，2023年2月13日，电商报
<https://www.dsb.cn/209272.html>
- 3 《美团：近一周“情人节”相关商品销量环比增超 10 倍》，2023年2月14日，电商报
<https://www.dsb.cn/209397.html>
- 4 《天猫上线品牌香氛师 接待消费者选香咨询》，2023年2月13日，电商报
<https://www.dsb.cn/209298.html>
- 5 《抖音生活服务发布业内首个“探店规范”》，2023年2月16日，36氪
<https://36kr.com/newsflashes/2134001931021569>
- 6 《微信公众号升级图片消息功能》，2023年2月16日，36氪
<https://36kr.com/newsflashes/2134043829365760>
- 7 《叮咚买菜 2022 年第四季度营收 62 亿元》，2023年2月14日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/511777.shtml>
- 8 《苏宁易购“春季家装节”期间将新开 34 家门店》，2023年2月15日，联商网
<http://www.linkshop.com/news/2023500111.shtml>
- 9 《国美电器：今年将全面开放加盟门店 目标超 3200 家》，2023年2月13日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/511719.shtml>
- 10 《蒂芙尼入驻京东 开启中国首家第三方线上官方旗舰店》，2023年2月10日，联商网
<http://www.linkshop.com/news/2023499882.shtml>
- 11 《京东科技与东方园林、台安县政府签署战略合作框架协议》，2023年2月15日，电商报
<https://www.dsb.cn/209528.html>
- 12 《深圳跨境电商产业年产值规模超 5000 亿元》，2023年2月10日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/511594.shtml>
- 13 《中国连锁经营协会：春节商超调研结果出炉，实体商超消费市场回暖》，2023年2月14日，36氪
<https://36kr.com/newsflashes/2130941536038144>
- 14 《2022 中国奢侈品报告：国人奢侈品消费全球市场占比达 38%》，2023年2月15日，联商网
<http://www.linkshop.com/news/2023500111.shtml>
- 15 《河南省 2022 年网上零售额为 3665.5 亿元 同比增长 13.1%》，2023年2月16日，电商报
<https://www.dsb.cn/209603.html>

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.

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

© Copyright 2023 Fung Business Intelligence. All rights reserved.

Though Fung Business Intelligence endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of Fung Business Intelligence is prohibited.