

China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

JD.com offers nine-minute delivery via its upgraded on-demand delivery service JD NOW

JD.com (京东) recently rebranded its retail service and promises to deliver purchased items in as little as nine minutes. The brand-new business integrates JD.com's previous one-hour delivery service and JDDJ, and is now named JD NOW (京东秒送), meaning products delivered in seconds, offered through its delivery partner Dada Express (达达快送). JD.com's on-demand delivery currently covers more than 2,300 counties, districts and cities across the country, with over 500,000 partner stores. The JD NOW section is located on the homepage of JD.com's main app, and includes flowers and cakes, coffees and medicines; orders worth 29 yuan and over are eligible for free shipping.¹

Domestic brands account for more than 70% of the top 100 most searched brands on JD.com over past year

JD Research Institute for Consumption and Industrial Development recently released the *2024 Domestic Product Consumption Insights*. According to the report, domestic brands accounted for more than 70% of the top 100 most searched brands on JD.com in the past year, and young consumers born in the 1990s and 2000s account for more than 60% of domestic product consumption. In the past year, popular domestic product categories included beauty and skincare, personal care, and mother and baby products. Winona (薇诺娜), Proya (珀莱雅), and Chando (自然堂) have become the most popular brands in the beauty and skin care category.²

Dingdong Maicai's GMV grows by 1.4% yoy in 1Q24

Dingdong Maicai (叮咚买菜) recently released its financial report for the first quarter of 2024. During this period, the company achieved total revenue of 5.024 billion yuan, a year-on-year increase of 0.53%. Net profit was 12.3 million yuan, a turnaround from a net loss of 52.4 million yuan in the same period last year. Among total revenue, product revenue was 4.9443 billion yuan, compared with 4.9378 billion yuan in the same period last year; service revenue was 79.8 million yuan, compared with 59.7 million yuan in the same period last year. Dingdong Maicai's GMV in the first quarter of 2024 was 5.53 billion yuan, an increase of 1.4% yoy. This growth demonstrates Dingdong Maicai's stable performance in the market despite fierce competition and changing consumer habits.³

Alibaba's revenue grows by 7% yoy in March

Alibaba (阿里巴巴) recently reported its financial results for its fiscal fourth quarter ended 31 March and full year of fiscal 2024. In the March quarter, the group recorded 221.87 billion in revenue. The GMV of Taobao (淘宝) and Tmall (天猫) saw double-digit growth, as did order numbers on the two platforms, driving revenue of the company's domestic marketplaces up 4% yoy to 93.2 billion yuan. Alibaba Cloud's core public cloud product revenue grew by double digits, AI-related revenue grew by triple digits, and overseas e-commerce achieved strong year-on-year growth of 45%. In the quarter, net income attributable to ordinary shareholders decreased by 86% yoy, while non-GAAP net income declined by 11% yoy.⁴

The number of industry-belt merchants on Douyin up by 194% yoy in 2023

Douyin (抖音) recently released the *2023 Douyin Corporate Social Responsibility Report*. In 2023, Douyin e-commerce covered 684 industry belts, and the number of industry-belt merchants increased by more than 194% yoy. From September 2022 to September 2023, Douyin e-commerce helped sell a total of 4.73 billion orders of agricultural specialty products. In 2023, Douyin users participated in charity 420 million times through the Douyin charity platform – users donated 710 million yuan to support 2,789 charity projects; by the end of 2023, employees had independently established 67 charity groups, and 126,000 employees had participated in volunteer services.⁵

Kuaishou E-commerce's shelf-based GMV accounts for more than 20% of total GMV in 1Q24

A senior management of Kuaishou (快手) proposed a user-first strategy at a recent conference, making it clear that the platform would work with merchants to enrich the supply of low-priced goods and improve operation efficiency to further optimize consumer shopping experience. So far this year, shelf-based GMV and short video e-commerce GMV have grown rapidly. In the first quarter of 2024, Kuaishou e-commerce's shelf-based GMV accounted for more than 20% of the total, while its short video e-commerce GMV increased by nearly 100% yoy.⁶

Retail Logistics

Dada Nexus' 1Q24 revenue reaches 2.45 billion yuan

Local on-demand retail and delivery platform Dada Nexus (达达集团) recently reported its financial results for the first quarter of 2024. During this period, the company's total revenue reached 2.45 billion yuan. JD NOW's (京东秒送) revenue dropped by 28% yoy to 1.28 billion yuan, while Dada Now's revenue grew 57% yoy to 1.17 billion yuan, the highest growth rate in the past two years. The company incurred a non-GAAP net loss of 195 million yuan. It has also increased its integration efforts with JD.com (京东). GMV on the JD.com app grew by over 30% yoy. The GMV of JD NOW increased by more than 200% yoy, and the penetration rate of JD NOW (京东秒送) among JD.com users continues to increase.⁷

Department Stores & Shopping Malls

Wangfujing Group establishes digital innovation retail company

Wangfujing Group (王府井) recently established the Wangfujing Digital Innovation Retail Co. (王府井数科创新零售有限公司). The company's registered capital is 10 million yuan, and it is wholly owned by Wangfujing Group. The company's business scope includes online sales of food, livestreaming technical services, e-commerce, artificial intelligence application software development, film production services, and smart robot sales.⁸

Supermarkets & Hypermarkets

Freshippo opens three new stores in Beijing in May

Freshippo (盒马) recently announced that its Sanyuanqiao store and Dongdaqiao store in Beijing have officially opened to the public, while the Xibeiwang store will open at the end of May. The Sanyuanqiao store covers an area of almost 1,000 sqm with more than 3,000 types of products, and its delivery scope covers nearly 100 communities. Currently, there are more than 360 Freshippo stores across the country. Freshippo has previously stated that it plans to open 70 new stores nationwide this year, reaching a total of 400 within the year.⁹

Apparel

Peacebird's first global flagship store opens at Ningbo Tianyi Plaza

On 9 May, Peacebird's (太平鸟) first flagship store opened in Ningbo Tianyi Plaza, with a total area of 1,500 sqm. The store carries Peacebird's various brands, including Peacebird Men, Peacebird Women, LEDiN for girls, and mini peace for children. Of its two floors, the store's first floor is the adult clothing area, while the second floor contains the children's clothing area and is equipped with play equipment for children. In addition to the Ningbo store, Peacebird flagship stores will be launched in Wuhan, Changchun and other cities in the future.¹⁰

Home Products

MINISO's revenue grows by 26% yoy in 1Q24

MINISO (名创优品) recently reported its financial results for the first quarter of 2024. During this period, the company witnessed a 26% year-over-year increase in revenue, amounting to 3.72 billion yuan. This growth was fuelled by a significant rise in average store count and same-store sales, with the company adding 108 new stores in the Chinese mainland and 109 in overseas markets. The company's overseas business particularly stood out, with a 53% yoy increase in revenue and a 21% yoy growth in same-store sales. Additionally, MINISO's adjusted net profit saw a 28% yoy increase, reaching 620 million yuan, while gross margin hit a historical high of 43.4%. During this period, IP products accounted for 26% of total sales. As of 31 March 2024, there were 6,630 MINISO stores worldwide, including 4,034 domestic stores and 2,596 overseas stores.¹¹

Luxury

Burberry's comparable store sales in China fall 19% yoy in March quarter

Burberry recently reported its financial results for its fiscal fourth quarter of 2024, ended 30 March. Comparable store sales fell 19% yoy in China, while sales from the overall Chinese mainland consumer group were down 12% yoy compared to the same period last year.¹²

II. Market Overview

Linkshop: 31 new shopping malls open nationwide in April

According to statistics from Linkshop Retail Research Centre, 31 commercial projects with a construction area of over 20,000 sqm opened nationwide in April 2024 (excluding professional markets, home furnishing shopping malls, hotels and office buildings, and pure commercial blocks), down 14% yoy. The newly added gross floor area is 2.5689 million sqm and the average gross floor area for each project is 85,100 sqm. Despite being down 14% yoy, the April figure this year was still an increase of 41% compared with 2019. East China is still the 'leader' in new commercial projects, with 12 new commercial project openings, accounting for 39% of all new commercial projects.¹³

There are now over 9,500 coffee shops in Shanghai

The recently published *2024 China Urban Coffee Development Report* shows that the scale of China's coffee industry reached 265.4 billion yuan last year, with an average annual compound growth rate of 17.14% over the past three years; it is expected to increase to 313.3 billion yuan this year. The annual coffee consumption per capita 16.74 cups, nearly double the 2016 figure of nine cups per capita. In 2023, the number of coffee stores in Shanghai totalled 9,553, an increase of 1,023 from last year, and the number of foreign-funded coffee companies was 2,056. This makes Shanghai the city with the highest of coffee shops and foreign-funded coffee companies in the country, followed by Guangzhou, Beijing, Shenzhen, and Chengdu.¹⁴

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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

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