China Retail & E-commerce Weekly Update

Helen Chin
Vice President

William Kong
Senior Research Manager

Brigitte Ng
Research Analyst

Fung Business Intelligence
11/F LiFung Tower
868 Cheung Sha Wan Road
Kowloon, Hong Kong
T: (852) 2300 2271
F: (852) 2635 1598
E: fbicgroup@fung1937.com
W: http://www.fbicgroup.com

I. Sector Review

Internet & E-commerce

Xiaohongshu: Livestreaming GMV during the 11.11 period increases by 3.2 times year-on-year

During this year's 11.11 shopping festival, the number of Xiaohongshu (小红书) e-commerce orders was 3.8 times that of the same period last year, the number of participating merchants was 4.1 times that of the same period last year, and livestreaming GMV was 4.2 times that of the same period last year. Furthermore, the number of livestreaming merchants was eight times that of the same period last year, and their livestreaming GMV was 6.9 times that of the same period last year.[1]

Kuaishou's 11.11 order volume increases by nearly 50% with nearly 100 million users participating

Kuaishou E-commerce's (快手电商) GMV and order volume reached record highs during this year's 11.11 shopping festival. Nearly 100 million Kuaishou users and more than one million merchants and influencers participated in the promotion. The order volume during the 11.11 period increased by nearly 50% yoy, and the GMV of small and medium-sized merchants increased by 75% yoy. Brand GMV increased by 155% yoy, and nearly 2,500 brands achieved year-on-year growth of 100%.[2]

Dada Nexus' 3Q23 revenue increases by 20% yoy to 2.9 billion yuan

Dada Nexus (达达集团), which operates JDDJ (京东到家) and Dada Now (达达快送), recently released its financial results for the third quarter of 2023. During this period, the company's revenue reached 2.9 billion yuan, an increase of 20% yoy. Net revenues from Dada Now increased by 29% yoy to 1.1 billion yuan, mainly driven by the increases in order volume of intracity delivery services to chain merchants; net revenues from JDDJ increased by 16% to 1.8 billion yuan, mainly due to the increase in GMV of the platform.[3]

JD.com's 3Q23 revenue reaches 247.7 billion yuan

JD.com (京东集团) recently released its financial results for the third quarter of 2023. During this period, the company's revenue reached 247.7 billion yuan; non-GAAP net profit attributable to reached 10.6 billion yuan. Its core categories – electronic products and household appliances – continued to grow faster than the industry average. Service revenue reached 52.4 billion yuan, accounting for 21.4% of total revenue, of which logistics and other services increased by 19.3% yoy.[4]

Alibaba's 3Q23 revenue goes up 9% yoy to 224.7 billion yuan

Alibaba (阿里巴巴) recently announced its financial results for the third quarter of 2023. During this period, the company's revenue increased by 9% yoy to 224.7 billion yuan; income from operations increased by 34% yoy to 33.584 billion yuan. Adjusted EBITA increased by 18% yoy to 42.845 billion yuan.[5]

Retail Logistics

JD Logistics' 3Q23 revenue goes up 16.5% yoy to 41.7 billion yuan

JD Logistics (京东物流) recently announced its financial results for the third quarter of 2023. During this period, the company's revenue reached 41.7 billion yuan, an increase of 16.5% yoy. Revenue from external customers reached 29.8 billion yuan, and the proportion of revenue from external customers further increased to 72%. Adjusted net profit reached 840 million yuan, a year-on-year increase of 89% and a record high since the company's listing. Furthermore, in the third quarter, JD Logistics' revenue from integrated supply chain customers reached 19.6 billion yuan, while revenue from other customers including express delivery increased by 25.7% yoy to 22.1 billion yuan.[6]

Cainiao and Taobao Hong Kong launch returns service at pickup points

Taobao (淘宝) recently upgraded its cross-border after-sales services by partnering with Cainiao (菜鸟) to launch a returns service at pickup points. When purchasing goods with the 'HK local returns' label, users can apply for the local returns service after receiving their order. The returns service is now available at eight pickup points in Hong Kong, including Causeway Bay.[7]

Apparel & Sports

Anta launches first Olympic-themed flagship store in Beijing

Anta (安踏) recently opened its new Olympic-themed flagship store in Wangfujing, Beijing. The store has three floors, each with a unique layout: the first floor is the shoe department, with a light-based art installation at the entrance; the second floor sells men's and women's clothing and accessories and has an Olympic champion display area; the third floor is the Anta sports museum, which mainly displays products with historical significance in sports. The brand plans to open 1,000 large Olympic-themed stores nationwide in the next five years.[8]

Food & Beverage

Subway China plans to open 500-1,000 stores every year

Subway China CEO Zhu Fuqiang recently stated that the company is expanding too slowly, and that the next two years will be crucial for laying its business foundation. In the future, Subway China plans to open between 500 and 1,000 stores per year. According to data from the China Chain Store and Franchise Association, as of late January 2023, Subway had a total of 538 stores in China, including 530 franchise stores and just eight directly operated stores.[9]

Starbucks China establishes tech innovation company

Following the establishment of the Starbucks Innovation Technology Centre (STIC) in Shenzhen this past August, Starbucks China recently established the Starbucks (China) Innovation Technology Co., Ltd with a registered capital of 222 million yuan and CTO Luo Jinpeng as the legal representative. The centre aims to improve Starbucks China's technical capabilities and data infrastructure, and drive in-store and omnichannel digitalization.[10]

Lelecha launches first batch of breakfast diners and 24-hour stores

Tea brand Lelecha (乐乐茶) recently launched the first 15 breakfast diners various provinces and cities, including Shanghai, Zhejiang, Jiangsu, Anhui, Beijing and Wuhan. The stores open around 6-8AM, and provide a breakfast deal of three drinks and baked goods. Lelecha also announced the launch of its first 24-hour store, located in Shanghai. From midnight to 6AM, all products in the store are 20% off.[11]

II. Market Overview

Nearly 60% of department store companies see decrease in profit in 3Q23

According to the Linkshop Retail Research Centre, in the first three quarters of 2023, 42 listed department store companies achieved a total revenue of 183.805 billion yuan and a total net profit of 10.493 billion yuan, both achieving year-on-year growth. Among them, 32 companies achieved year-on-year revenue growth, and 26 companies achieved year-on-year net profit growth. However, nearly 60% of department stores saw a year-on-year decrease in net profits in the third quarter.[12]

NBS: Total retail sales of consumer goods up by 7.6% yoy in October 2023

According to the National Bureau of Statistics, in October 2023, total retail sales of consumer goods was 4.3333 trillion yuan, a year-on-year increase of 7.6%. By consumption type, retail sales of physical goods reached 3.8533 trillion yuan, an increase of 6.5% yoy; the income of catering industry was 480.0 billion yuan, up by 17.1% yoy. From January to October, total retail sales of consumer goods were 38.544 trillion yuan, a year-on-year increase of 6.9%. From January to October, online retail sales of physical goods reached 10.301 trillion yuan, a year-on-year increase of 8.4%.[13]

References (in Chinese)

[1]《小红书公布双十一数据，直播间 GMV 为去年同期 4.2 倍》，2023 年 11 月 13 日， 新浪财经网
https://finance.sina.cn/2023-11-13/detail-imzumynq2950305.d.html

[2]《快手双 11 订单量增长近 50%，近 1 亿用户参与》，2023 年 11 月 13 日，联商网
http://www.linkshop.com/news/2023511358.shtml

[3]《达达集团发布三季报：总营收 29 亿元，同比增长 20%》，2023 年 11 月 15 日， 新浪财经网
https://finance.sina.com.cn/tech/2023-11-15/doc-imzushks8713146.shtml

[4]《京东三季度收入达 2477 亿元 服务收入占比首次超过 20%》，2023 年 11 月 15 日，证券时报网
http://www.stcn.com/article/detail/1036701.html

[5]《阿里 2023 年 Q3 营收 2247 亿元 经营利润同比增长 34%》，2023 年 11 月 16 日，电商报
https://www.dsb.cn/news-flash/128466.html

[6]《京东物流第三季度营收 417 亿元 净利润同比增长 89%》，2023 年 11 月 15 日，东方财富网
https://finance.eastmoney.com/a/202311152905163671.html

[7]《菜鸟联合淘宝香港站推出自提点退货服务》，2023 年 11 月 16 日，亿邦动力网
https://www.ebrun.com/ebrungo/zb/534460.shtml

[8]《安踏首家「奥运殿堂」门店开业，用门店场景做高品牌》，2023 年 11 月 13 日，36 氪
https://36kr.com/p/2516592022638855

[9]《赛百味中国未来每年开出 500-1000 家》，2023 年 11 月 10 日， 联商网
http://www.linkshop.com/news/2023511291.shtml

[10]《星巴克在中国成立创新科技公司》，2023 年 11 月 14 日，36 氪
https://36kr.com/p/2517867153428736

[11]《乐乐茶推出首批早餐屋及 24 小时营业门店》，2023 年 11 月 16 日，联商网
http://www.linkshop.com/news/2023511501.shtml

[12]《2023 第三季度，近六成百货企业净利同比下滑》，2023 年 11 月 10 日，联商网
http://www.linkshop.com/news/2023511279.shtml

[13]《2023 年 10 月份社会消费品零售总额增长 7.6%》，2023 年 11 月 15 日，国家统计局
http://www.stats.gov.cn/sj/zxfb/202311/t20231115_1944530.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.