

China Retail & E-commerce Weekly Update



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I. Sector Review

General Retail

Walmart China's net sales up by 6.9% yoy in October quarter

On 15 November, Walmart released its financial results for the fiscal third quarter (1 August - 31 October 2022). In the quarter, Walmart China's net sales increased by 6.9% yoy, while comparable sales increased by 5.6% yoy. Sam's Club and e-commerce business in China performed particularly well: E-commerce net sales grew 63% year-on-year and 159% on a two-year stack, accounting for 41% of Walmart's total net sales in China in 3Q22.¹

Internet & E-commerce

Tmall: Turnover of 148 product categories up by over 100% during 'Double 11'

Tmall (天猫) started its 'Double 11' shopping festival on 31 October. As of 00:00 on 10 November, 148 product categories had a turnover growth of more than 100% yoy. The four top categories are trendy toys, pet products, sports and outdoor goods, and jewellery. The following products saw significant increases in turnover: overnight corrective lenses increased by nearly 100 times, facial cooling and heating tools increased by more than 55 times, in-ear audio equipment increased by more than 40 times, carpet cleaning machines increased by more than 30 times, and underwear washing machines increased by more than 20 times.²

Dingdong Maicai's revenue reaches 5.94 billion yuan in 3Q22

On 11 November, Dingdong Maicai (叮咚买菜) released its financial results for 3Q22. During this period, the company's revenue reached 5.9425 billion yuan, down by 4% yoy. The net loss was 344.9 million yuan, compared with 2.0106 billion yuan in the same period last year. Non-GAAP net loss was 285.2 million yuan, a year-on-year decrease of 85.6%. During 3Q22, the company's GMV was 6.512 billion yuan, a decrease of 7.2% yoy; total operating costs and expenses were 6.2545 billion yuan, a 23.8% yoy decrease. Product revenue was 5.8724 billion yuan, a decrease of 4.1% yoy.³

User access peak per second on JD Cloud during the 'Double 11' period up by 114% yoy

JD Cloud laid a solid technological foundation to support the smooth operation of the 'Double 11' shopping gala this year, as the user access peak per second through JD Cloud increased by 114% yoy. Based on the technical capabilities provided by the Yanxi (言犀) AI platform, JD Cloud provides consumers with 24/7 smart services. During the 'Double 11' period, JD.com's cloud-based smart customer service addressed more than 450 million customer inquiries.⁴

GMV of Tencent Huiju's 'Huimai Festival' up by 168% yoy

The GMV of Tencent Huiju's (腾讯荟聚) 'Huimai Festival' (会买节) during the 'Double 11' period increased by 168% yoy, and the number of products on promotion increased by 602% yoy. The GMV of categories such as consumer electronics, cosmetics, beverages, health, sports and outdoor products all achieved a year-on-year growth of over 100%. At the same time, many merchants achieved triple-digit growth in sales during the Huimai Festival. For example, the GMV of outdoor camping brand Tawa increased 480% yoy during the 'Double 11' period, and its co-branded camping equipment in collaboration with QQfamily ranked first in sales.⁵

JD Shouyin handles payments for over one million offline merchants during the 'Double 11' period

During the 'Double 11' period, JD Shouyin (京东收银) served more than one million offline physical stores. JD Shouyin aggregates various payment methods, such as JD Pay (京东支付) and UnionPay (云闪付), into the JD cash register equipment while also managing inventory, membership systems, etc., through software and hardware integration. This combined solution helps merchants solve various pain points and improve store management and operating efficiency, bringing them one step closer to digitalization.⁶

Youzan New Retail announces sales leads upgrade

Youzan New Retail (有赞新零售) recently launched a new function: a comprehensive upgrade of the sales leads management system to better help shopping guides identify and follow up with potential customers. The system notifies shopping guides when consumers express interest in a product on the platform. This allows the guides to follow up with customers in order to boost conversion rates. The following upgrades have been implemented: identifying new leads, counting the number of unchecked leads and reminding the shopping guide to follow them; removing old leads after transaction is completed; improving customer behaviour tracking; and showing customers' shopping records.⁷

Department Stores & Shopping Malls

Intime Department Store's online sales up by 22% yoy during 'Double 11'

Intime Department Store's (银泰百货) online sales during the 'Double 11' period increased by 22% yoy, with almost 200 brands' online sales up by more than 30% yoy. Overall sales of domestic sports brands increased by 42% yoy, lotions and face creams increased by 135% yoy, eye serums increased by 246% yoy, yoga pants increased by 211% yoy, and sales of men's face creams increased by more than 8 times year-on-year.⁸

Supermarkets & Hypermarkets

Missfresh's total revenue in 2021 reaches 6.952 billion yuan

Missfresh (每日优鲜) recently announced its financial results for 2021. During the year, the company's total revenue reached 6.952 billion yuan, up 13.4% yoy; the total cost and operating expenses was 10.812 billion yuan, up 39.1% yoy; the operating loss was 3.861 billion yuan, and the net loss was 3.849 billion yuan. As of 31 December 2021, 43% of Missfresh's GMV came from fresh produce such as fruits, vegetables, meat, seafood and dairy products, while 57% of its GMV came from fast-moving consumer goods. As of 31 December 2021, Missfresh had a total of 1,925 full-time employees. However, as of 14 November 2022, there were only 55 full-time employees left due to adjustments to business strategy.⁹

Freshippo's supply chain warehouse opens in Hangzhou

After three years of construction, Freshippo's (盒马) self-built supply chain centre in Hangzhou is now fully operational. This is one of eight centres in Freshippo's nationwide supply chain – two others in Wuhan and Chengdu have already begun production earlier. The newest centre consists of five buildings across an area of over 100,000 sqm, including a fresh food processing and distribution centre, room temperature warehouse, cold storage warehouse, frozen warehouse, etc.¹⁰

Cosmetics

Shiseido China partners with Alibaba to explore refillable products

On 15 November, Shiseido China announced a strategic cooperation with Alibaba (阿里巴巴). The two parties will explore refillable products such as pump-free bottles, product refills, and stand-alone pouches for cosmetics products. In order to promote more low-carbon products, Alibaba will launch the '88 Carbon Reduction Day' with various brands, calling on more consumers to participate in sustainable consumption. As an incentive, Shiseido will provide 10 surprise gift boxes. For a limited time period, consumers can use 150kg of carbon credits in their Carbon88 account to redeem one surprise gift box.¹¹

Home Products

MINISO's adjusted net profit up 127% yoy to 417 million yuan in September quarter

MINISO (名创优品) recently released its financial report for the first quarter of its fiscal year 2023 ended 30 September. During this period, MINISO's total revenue rose by 4.5% yoy to 2.77 billion yuan, of which overseas revenue was 920 million yuan, a year-on-year increase of 47.6%; Its adjusted net profit was 417 million yuan, a year-on-year increase of 127%; the gross margin was 35.7%, and the adjusted net margin was 15.1%; both the gross and net margins hit record highs. MINISO operated 5,296 global stores as of 30 September, including 2,027 overseas stores.¹²

II. Market Overview

NBS: Retail sales of consumer goods down by 0.5% yoy in October

In October, China's total retail sales of consumer goods was 4,027.1 billion yuan, a year-on-year decrease of 0.5%. By consumption type, in October, the retail sales of goods reached 3,617.1 billion yuan, an increase of 0.5% yoy; catering revenue was 409.9 billion yuan, down 8.1% yoy. From January to October, the total retail sales of consumer goods were 36,057.5 billion yuan, a year-on-year increase of 0.6%. Among them, the retail sales of goods reached 32,522.7 billion yuan, a year-on-year increase of 1.2%; catering revenue was 3,534.8 billion yuan, down 5.0%. By retail format, from January to October, the retail sales of supermarkets, convenience stores, professional stores and specialty stores in retail enterprises above designated size increased by 3.7%, 4.6%, 4.6% and 0.7% respectively year-on-year, while that of department stores decreased by 6.8%.¹³

Hainan duty-free shops surpass 340 million in sales on 11 November

Hainan province's duty-free shops have made efforts both online and offline to boost consumption during this year's 'Double 11' period. According to statistics provided by the Hainan Provincial Department of Commerce, during 1-11 November, the total sales of 11 duty-free shops achieved year-on-year growth of 3% overall, reaching a total of 2.216 billion yuan. In terms of daily sales, the total sales reached 347.87 million yuan on 11 November, 251.78 million yuan on 10 November, and 339.09 million yuan on 9 November.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

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.

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