

China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Dingdong Maicai's 1Q23 revenue down by 8.2% yoy to 5 billion yuan

Dingdong Maicai (叮咚买菜) recently released its financial results for 1Q23. During the quarter, the company's total revenue was 4.9975 billion yuan, a decrease of 8.2% yoy. The net loss was 52.4 million yuan, compared with a net loss of 477.4 million yuan in 1Q22. The company's non-GAAP net profit was 6.1 million yuan, compared with a net loss of 422.2 million yuan in 1Q22. Its GMV was 5.4512 billion yuan, a decrease of 6.8% yoy.¹

Baidu's 1Q23 revenue reaches 31.1 billion yuan as net profit up by 48% yoy

On 16 May, Baidu (百度) released its unaudited financial results for 1Q23. During the quarter, the company achieved revenue of 31.1 billion yuan, a year-on-year increase of 10%; net profit attributable to the company reached 5.7 billion yuan, an increase of 48% yoy. In 1Q23, Baidu's core operating profit increased by 45% yoy to 5.36 billion yuan. Baidu AI Cloud achieved profitability in this quarter, with revenue increasing by 8% yoy to 4.2 billion yuan.²

Tencent's 1Q23 revenue up 11% yoy to 150 billion yuan

Tencent (腾讯) recently released its financial results for 1Q23. During this period, the company achieved revenue of 150 billion yuan (48.7 billion yuan in financial technology and business services, 48.3 billion yuan in games, 31 billion yuan in social networks, 21 billion yuan in online advertising, and 1 billion yuan in others), an increase of 11% yoy. Its net profit in the quarter was 28.54 billion yuan, a year-on-year increase of 10%. The combined monthly active users of Weixin and WeChat reached 1.319 billion, an increase of 2% yoy; the number of video creators with more than 10,000 fans was more than three times that of the same period last year.³

Meituan publishes 2022 CSR Report

Meituan (美团) recently released the *Meituan 2022 Corporate Social Responsibility Report*. According to the report, more than 6.24 million riders earned income from Meituan Delivery in 2022. Among them, 81.6% came from rural areas, and 280,000 came from key counties supported by the national rural revitalization strategy. As of the end of 2022, the number of 24-hour pharmacies on Meituan Pharmacy (美团买药) had increased to 10,000, providing online medical and health consultation services for a total of 20 million users. As of March 2023, Meituan had assisted local governments in issuing nearly 2 billion worth of electronic consumer coupons in more than 100 cities and districts in Hubei, Beijing, Shenzhen, Tianjin, Hangzhou, etc.⁴

Alibaba's revenue up 2% yoy to 208.2 billion yuan in March quarter

Alibaba (阿里巴巴) recently released its financial results for its fiscal fourth quarter ended 31 March. During the quarter, Alibaba achieved revenue of 208.2 billion yuan, a year-on-year increase of 2%. Its net profit reached 23.52 billion yuan, against a loss of 16.24 billion yuan in the same period last year; its adjusted net profit was 27.375 billion yuan, a year-on-year increase of 38%.⁵

Meituan launches in Hong Kong with sister app KeeTa

Meituan (美团) launched a sister app called KeeTa in Hong Kong on 22 May 2023. The app, which is already available on the local iOS app store, will initially launch in the Mong Kok and Tai Kok Tsui areas before potentially expanding to the rest of Hong Kong by the end of the year. Meituan has launched an app on the local iOS app store, inviting potential delivery riders to apply; it is also recruiting delivery workers who will deliver by bike or on foot.⁶

Apparel

German luxury brand MCM joins Dewu platform

The German luxury brand MCM recently joined the Dewu (得物) app with a full range of products including classic styles, bestsellers and new products for spring and summer 2023. MCM will also join the Dewu community to communicate with young people about brand culture and fashion, and it plans to bring more exclusive products to Dewu users in the future. More than 260,000 new products, across nearly 5,000 domestic and international fashion consumer brands, were added to the Dewu app in 1Q23, a year-on-year increase of more than 80%.⁷

Home goods

MINISO's revenue for March quarter reaches 2.954 billion yuan as adjusted net profit up by 336.3% yoy

On 16 May, MINISO (名创优品) released its unaudited financial results for its fiscal third quarter ended 31 March 2023. During this period, the group's revenue was 2.954 billion yuan, a year-on-year increase of 26.2%; the gross profit was 1.162 billion yuan, a year-on-year increase of 64.4%; gross profit margin was 39.3%, compared with 30.2% in the same period in 2022 and 40.0% in the previous quarter; adjusted net profit was 483 million yuan, a year-on-year increase of 336.3%. The profit attributable to shareholders of the company was 466 million yuan, a year-on-year increase of 382.12%. The year-on-year increase in revenue was mainly due to a year-on-year increase of 18.1% in revenue from China and a 54.6% year-on-year increase in revenue from overseas markets. The number of MINISO stores was 5,514 as of 31 March 2023, a year-on-year increase of 401 and a quarter-on-quarter increase of 74%.⁸

Miscellaneous

Zhejiang Yiwu China Commodities City Group establishes strategic partnership with JD.com

Zhejiang Yiwu China Commodities City Group (浙江义乌中国小商品城集团) and JD.com (京东集团) recently signed a strategic partnership agreement. High-level executives of the two parties have jointly discussed in-depth cooperation within the e-commerce sphere, hoping to promote the continuous upgrading of China's digital supply chain and industrial belt. Their partnership will cover the construction of a digital trade platform, the upgrading of commodities from the supply side, operational optimization, and the construction of 'Yiwu Selection' (义乌好货) Product Hall. The two parties will cooperate across marketing and promotion activities to jointly enhance their respective brand value and competitiveness.⁹

II. Market Overview

NBS: Retail sales of consumers goods up by 18.4% yoy in April

According to the National Bureau of Statistics, in April 2023, total retail sales of consumer goods reached 3.491 trillion yuan, a year-on-year increase of 18.4%. By consumption types, retail sales of physical goods reached 3,115.9 billion yuan, an increase of 15.9% yoy; catering revenue was 375.1 billion yuan, up 43.8% yoy. From January to April, total retail sales of consumer goods were 14.983 trillion yuan, a year-on-year increase of 8.5%. By retail formats, from January to April, the retail sales of supermarkets, convenience stores, professional stores, specialty stores and department stores in retail enterprises above designated size increased by 0.7%, 8.1%, 6.5%, 2.9% and 11.1% year-on-year respectively. During this period, online retail sales of physical goods reached 3,716.4 billion yuan, up 10.4% yoy, accounting for 24.8% of total retail sales of consumer goods.¹⁰

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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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