

# China Retail & E-commerce Weekly Update



**I. Sector Review** ..... 2

**Internet & E-commerce** ..... 2

- JD.com’s private brands ‘C.E.O.’ industrial plan now covers 70% of China’s industrial belts ..... 2
- Shopify partners with JD.com to accelerate its business expansion in China ..... 2
- JD.com’s social e-commerce platform ‘Dongxiaodian’ to cease operations on 28 February ..... 2
- Xiaomi’s social e-commerce subsidiary Youpin Youyu to cease operations ..... 2
- Pinduoduo launches new ‘virtual e-commerce livestream’ mode ..... 3
- Taobao launches platform for digital artworks ‘You Yin’ ..... 3
- Secoo’s mini program is now operating on Baidu ..... 3

**Apparel & Shoes** ..... 4

- Sequoia Capital China acquires a majority stake in Korean fashion brand WE11DONE ..... 4
- Foshan Saturday Shoes to sell its sale of shoes business ..... 4

**Supermarkets & Hypermarkets** ..... 4

- Rainbow Supermarket launches unmanned vehicle delivery service ..... 4

**Food & Beverage** ..... 5

- Starbucks joins forces with Meituan to launch exclusive ‘1971 Salon’ service ..... 5

**II. Market Overview** ..... 5

- NBS: Total retail sales of consumer goods up by 1.7% yoy in December ..... 5
- CGCC, FBIC: China’s retail sales to grow over 6% in 2022 ..... 5
- CNCIC: Retail sales of 100 key retailers in China up by 8.2% yoy in 2021 ..... 6
- Tmall Hey Box: Tmall released over 200 million new products in 2021 ..... 6
- Dingdong Maicai: Pre-made food sales up by 300% yoy in 2021 ..... 7

**III. Policy Spotlight** ..... 7

- State Council calls for pilot projects for integrating domestic and foreign trade ..... 7
- Shanghai Municipal Administration for Market Regulation limits unit price of blind boxes to 200 yuan ..... 7

**References (in Chinese)** ..... 8

**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

#### **JD.com's private brands 'C.E.O.' industrial plan now covers 70% of China's industrial belts**

At the end of 2020, JD.com's (京东) private brands division launched its 'C.E.O.' (which stand for co-create, empower and open) plan which will assist SMEs within China's industrial belts to transform and upgrade their businesses, thus reducing costs and increasing efficiency. The plan currently covers 70% of China's industrial belts. In 2021, it boosted the sales of 61 manufactured goods to exceed 10 million yuan, while helping over 800 tons of high-quality agricultural products such as rice/grains sell to cities.<sup>1</sup>

#### **Shopify partners with JD.com to accelerate its business expansion in China**

Internet infrastructure provider Shopify has partnered with JD.com (京东) to help US-based merchants sell goods to China. This partnership marks an important step in Shopify's expansion into China, while also promoting the further internationalization of JD.com. JD.com will open up a green channel for international merchants and emerging brands on Shopify to list their products on JD.com's cross-border ecommerce platform JD Worldwide. It will also help Chinese merchants expand overseas by offering high-quality products for Shopify's global merchants through their extensive supply chain network.<sup>2</sup>

#### **JD.com's social e-commerce platform 'Dongxiaodian' to cease operations on 28 February**

On 18 January, JD.com's (京东) social e-commerce platform 'Dongxiaodian' (东小店) announced that it will cease operations by 28 February. Dongxiaodian was launched by JD.com in 2019, and positioned as an S2B2C business. It is an omni-channel snacks platform aimed at rural distribution through online, offline and WeChat channels. Earlier, Alibaba's social e-commerce application Taoxiaopu (淘小铺) also ceased trading on 11 October 2021.<sup>3</sup>

#### **Xiaomi's social e-commerce subsidiary Youpin Youyu to cease operations**

Xiaomi's (小米) social e-commerce subsidiary Youpin Youyu (有品有鱼) has announced on its app and official mini program home pages that it will terminate its operations at 10:00 on 17 March – eligible members will be converted into 'Xiaomi Youpin (小米有品) UP members'. Youpin Youyu is a social e-commerce format launched by Xiaomi Youpin in 2019. The model of 'saving money on purchases and earning money by sharing' is similar to most distribution-based social e-commerce platforms on the market. According to its official website, Youpin Youyu leverages the Xiaomi ecosystem to conduct social e-commerce business, covering most consumer goods categories.<sup>4</sup>

### **Pinduoduo launches new ‘virtual e-commerce livestream’ mode**

Pinduoduo (拼多多) recently launched a new ‘virtual e-commerce livestream’ mode which allows sellers to use a virtual livestreaming host or broadcast a pre-recorded livestream session. Both of these methods can bring in livestreaming traffic and allow automatic replies to viewers’ questions. According to one seller, using the recording and broadcasting mode brings in more views than simply pre-recording livestreams, but its conversion rate cannot match that of real-time livestreaming. However, this method can still bring in extra traffic, and the seller is happy with it.<sup>5</sup>

### **Taobao launches platform for digital artworks ‘You Yin’**

Tmall Hey Box (天猫小黑盒) recently announced that HeyDesign has been upgraded to Taobao’s official platform for digital artworks – ‘You Yin’ (有隐). You Yin will bring in over 100 high-quality art merchants and artists to build a first-class digital artworks platform in China. The cooperation model of You Yin can be divided into three categories: ‘single product cooperation’, ‘master cooperation’ and ‘collective product marketing’. Through these different models, You Yin will streamline market entry for artworks, artists and art labels, allowing the mutual success of art and business. Furthermore, another major feature of You Yin is the integrated marketing of online venues and offline exhibitions.<sup>6</sup>

### **Secoo’s mini program is now operating on Baidu**

Secoo (寺库) and Baidu (百度) have recently formed an in-depth partnership in interconnection and interoperability, which includes the launch of Secoo’s smart mini program on Baidu. As an online and offline boutique lifestyle platform, Secoo reportedly has more than 50 million registered users, covering clothing, shoes, bags, watches, jewellery, accessories, etc., with over 4,000 high-end brands. This partnership will streamline the purchasing process of Secoo users and diversify the company’s sales channels.<sup>7</sup>

## Apparel & Shoes

### Sequoia Capital China acquires a majority stake in Korean fashion brand WE11DONE

On 13 January, Sequoia Capital China (红杉中国) announced that it would acquire a majority stake in the Korean fashion brand WE11DONE. After the transaction is completed, Sequoia Capital China will leverage its local and global resources, as well as its experience in technological and retail innovation, to help WE11DONE reach more consumers in major global markets such as China, the US and Europe. Sequoia Capital China is also the controlling shareholder of French designer brand AMI and the first investor of SSENSE, an international fashion e-commerce platform.<sup>8</sup>

### Foshan Saturday Shoes to sell its sale of shoes business

Following the sale of their shoe production division two years ago, leading women's shoe company Foshan Saturday Shoes (星期六) plans to sell its sale of shoes business, retaining only the shoe trademarking operations. The company will completely transform from a traditional shoe company to a social e-commerce service provider, and the decision is reportedly linked to the company's record estimated loss of 645 million yuan last year.<sup>9</sup>

## Supermarkets & Hypermarkets

### Rainbow Supermarket launches unmanned vehicle delivery service

On 17 January, Rainbow Supermarket (天虹超市) partnered with domestic unmanned vehicle delivery company White Rhino (白犀牛) to launch its unmanned vehicle delivery service in Pingshan, Shenzhen. Although the unmanned vehicle looks small, it has a large cargo space. With a single mission length of 120 km and a maximum load of 500 kg, it can deliver several tons of goods every day, greatly improving Rainbow Supermarket's delivery efficiency. In addition, these vehicles are equipped with temperature control functions, allowing for the delivery of both hot and frozen goods.<sup>10</sup>

## Food & Beverage

### Starbucks joins forces with Meituan to launch exclusive '1971 Salon' service

On 18 January, Starbucks announced the launch of its '1971 Salon' service on Meituan's (美团) subsidiary platforms. The 1971 Salon service allows Meituan users to book parts of Starbucks stores for private events and the service will initially be available in more than 60 stores in Beijing, Shanghai, Shenzhen and Chengdu, with plans to cover more stores across the country in the future. The service will initially provide two new services: 'Coffee meet-up' for a casual gathering with a few friends to taste and learn to make coffees, and 'Salon meeting' for a business meeting or community gathering. The two parties have also rolled out a new delivery service with improved recommendations and a dedicated delivery team.<sup>11</sup>

## II. Market Overview

### NBS: Total retail sales of consumer goods up by 1.7% yoy in December

In December, the total retail sales of consumer goods reached 4.13 trillion yuan, a year-on-year increase of 1.7%. Of which, the retail sales of goods reached 3.64 trillion yuan, an increase of 2.3% yoy; catering revenue was 484.3 billion yuan, a decrease of 2.2% yoy. In 2021, the total retail sales of consumer goods reached 44.1 trillion yuan, an increase of 12.5% yoy. Of which, the retail sales of goods reached 39.4 trillion yuan, a rise of 11.8% yoy; catering revenue was 4.7 billion yuan, an increase of 18.6% yoy. During the year, online retail sales of goods reached 10.8 trillion yuan, an increase of 12.0% yoy, accounting for 24.5% of total retail sales of consumer goods.<sup>12</sup>

### CGCC, FBIC: China's retail sales to grow over 6% in 2022

On 14 January, in partnership with Fung Business Intelligence, the China General Chamber of Commerce released the *Ten Highlights of China's Commercial Sector Report 2022* in Beijing. The ten highlights forecast for 2022 includes:

1. Promoting common prosperity through high-quality development of the circulation sector and increasing rural consumption
2. Consumption upgrading continues as the consumer market steadily rebounds after COVID-19
3. Commercial sector aims for comprehensive green transformation to support China's carbon dioxide peaking and carbon neutrality goals
4. China to develop international consumption centres and promote duty-free industry
5. China is embracing local homegrown brands, fuelled by young consumers' increasing spending power

6. Community-based businesses gradually transform into one-stop 'retail + lifestyle' destinations
7. More resources allocated towards building a modern rural distribution system and further integrating urban and rural markets
8. China's catering market sees stable recovery with accelerated digitalization and innovation efforts
9. Continuous innovation and digitalization drive further transformation and reforms in the retail industry
10. Business environment for physical retail is improving; e-commerce enters an adjustment phase.<sup>13</sup>

### **CNCIC: Retail sales of 100 key retailers in China up by 8.2% yoy in 2021**

On 18 January, the China National Commercial Information Centre (CNCIC) published an analysis of the 2021 consumer goods market, which showed that retail sales of 100 key large-scale retail enterprises across the country increased by 8.2% yoy in 2021. In terms of retail formats, the retail sales of supermarkets, convenience stores, department stores, specialty stores and mono-brand stores above designated size increased by 6.0%, 16.9%, 11.7%, 12.8% and 12.0% yoy respectively. Among them, the growth rates of supermarkets, department stores, specialty stores, and mono-brand stores for the full year of 2021 slowed down by 0.2, 8.2, 4.3, and 7.8 percentage points (ppts) respectively compared with the first three quarters. However, the growth rate of convenience stores for 2021 was 2.4 ppts higher than that for the first three quarters.<sup>14</sup>

### **Tmall Hey Box: Tmall released over 200 million new products in 2021**

On 17 January, Tmall Hey Box (天猫小黑盒) released the *New Product Online Consumption Report 2021*. The report pointed out that China's consumer market was under pressure in 2021, but consumer demand for new online products has grown significantly. The number of new products released on Tmall exceeded 200 million in 2021, with over 120 million heavy consumers of new products. The transaction value of new products on Tmall accounts for 35% of the Tmall marketplace, and the supply and demand for new products remain active. In addition, in the past three years, the annual turnover of new products on Tmall has increased by more than 30% per year. Furthermore, it is taking less and less time for the annual turnover of new products to reach 10,000, 100,000, 1 million, 10 million and 100 million yuan in sales.<sup>15</sup>

### **Dingdong Maicai: Pre-made food sales up by 300% yoy in 2021**

Fresh food supply chain company Dingdong Maicai (叮咚买菜) recently released the *Consumption Trend Report 2021*. According to its data, sales of Dingdong Maicai's pre-made food items increased by 300% yoy in 2021, and the proportion of orders that include pre-made items has exceeded 40%. In addition, more than 70% of users who purchase pre-made items are under the age of 35. Furthermore, orders for pre-made foods on weekdays and weekends accounted for 66% and 34%, respectively. The company currently offers over 1,000 pre-made food SKUs.<sup>16</sup>

## **III. Policy Spotlight**

### **State Council calls for pilot projects for integrating domestic and foreign trade**

On 19 January, the General Office of the State Council released a document on promoting the integrated development of domestic and foreign trade, including the following policy suggestions: carry out pilot projects for the integration of domestic and foreign trade in certain regions; comprehensively compile lists of problems and needs for the integrated control system of domestic and foreign trade; align domestic and foreign trade laws and regulations, supervision systems, business qualifications, standards, inspection and quarantine measures, and certifications and accreditations; explore the establishment of a trade integration evaluation system; cultivate domestic and foreign trade integrated business enterprises; build a group of trade integration development platforms; and amass a set of replicable and scalable experiences and models.<sup>17</sup>

### **Shanghai Municipal Administration for Market Regulation limits unit price of blind boxes to 200 yuan**

On 14 January, the Shanghai Municipal Administration for Market Regulation issued the *Shanghai Blind Box Business Activity Guidelines*, which regulate the scope of application, operational limits, and compliance of the blind box business. The 'Guidelines' propose that the unit price of a single blind box should generally not exceed 200 yuan, and that the sale of blind boxes to minors under the age of 8 should be prohibited. The 'Guidelines' also regulate blind box marketing activities by prohibiting financial-related marketing, excessive marketing and hunger marketing, as well as various forms of market manipulation.<sup>18</sup>

## References (in Chinese)

- 1 《京东自有品牌产业带“C.E.O”计划已覆盖全国70%产业带》，2022年1月14日，亿邦动力网  
[https://www.ebrun.com/ebrungo/zb/470539.shtml?eb=newest\\_chan\\_feed](https://www.ebrun.com/ebrungo/zb/470539.shtml?eb=newest_chan_feed)
- 2 《京东社交电商平台“东小店”将于2月28日停止运营》，2022年1月18日，联商网  
<http://www.linkshop.com/news/2022481043.shtml>
- 3 《小米放弃“类传销”社交电商，有品有鱼将停止运营》，2022年1月17日，联商网  
<http://www.linkshop.com/news/2022480955.shtml>
- 4 《拼多多推出新直播模式“虚拟直播带货”可录播转直播》，2022年1月14日，亿邦动力网  
<https://www.ebrun.com/ebrungo/zb/470651.shtml>
- 5 《刚刚发布！为文艺青年们，淘宝上线了一个新平台》，2022年1月13日，网易  
<https://www.163.com/dy/article/GTK41IMI05118FFD.html>
- 6 《寺库智能小程序在百度运行》，2022年1月20日，亿邦动力网  
<https://www.ebrun.com/ebrungo/zb/471418.shtml>
- 7 《京东与Shopify合作扩张国际业务》，2022年1月18日，腾讯网  
<https://xw.qq.com/amhtml/20220118A0DW4O00>
- 8 《红杉中国收购韩国潮牌WE11DONE控股权》，2022年1月13日，联商网  
<http://www.linkshop.com/news/2022480812.shtml>
- 9 《曾经的“女鞋第一股”将打包出售鞋类业务》，2022年1月19日，搜狐网  
[https://www.sohu.com/a/517667185\\_386972](https://www.sohu.com/a/517667185_386972)
- 10 《天虹超市联合白犀牛在深圳推出无人车配送服务》，2022年1月18日，联商网  
<http://www.linkshop.com/news/2022480999.shtml>
- 11 《星巴克牵手美团，首推专属空间服务“1971客厅”》，2022年1月18日，联商网  
<http://www.linkshop.com/news/2022481001.shtml>
- 12 《2021年社会消费品零售总额440823亿元同比增长12.5%》，2022年1月17日，赢商网  
<http://news.winshang.com/html/069/6106.html>
- 13 《2022年中国商业十大热点在北京发布》，2022年1月14日，联商网  
<http://www.linkshop.com/news/2022480861.shtml>
- 14 《2021年消费市场运行情况分析》，2022年1月18日，中华全国商业信息中心  
<https://www.cncic.org/?p=3860>
- 15 《天猫小黑盒报告：2021年天猫新品发布量超2亿》，2022年1月17日，亿邦动力网  
<https://www.ebrun.com/ebrungo/zb/470795.shtml>
- 16 《叮咚买菜：2021年预制菜全线产品销量同比增长300%》，2022年1月17日，亿邦动力网  
<https://www.ebrun.com/ebrungo/zb/470835.shtml>
- 17 《国务院办公厅：开展内外贸一体化试点》，2022年1月19日，亿邦动力网  
[https://www.ebrun.com/ebrungo/zb/471302.shtml?eb=newest\\_chan\\_feed](https://www.ebrun.com/ebrungo/zb/471302.shtml?eb=newest_chan_feed)
- 18 《上海盲盒新规单个限价两百，万物皆可盲盒的时代要终结了吗？》，2022年1月17日，赢商网  
<http://news.winshang.com/html/069/6121.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](http://www.funggroup.com).

© Copyright 2022 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.