

China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Li Jiaqi's brand Meione joins Tmall

The Meione (美腕) brand recently launched its Tmall flagship store, offering several products with the 'Meione Select' logo in the livestream session of renowned livestream influencer Li Jiaqi, Meione company partner. According to Li, 'China has very strong supply chain capabilities. Many internationally renowned brands are made in China by Chinese factories, which are the "heroes" behind many brands. We hope to bring all these high-quality products to the Meione Tmall flagship store and make them available for everyone.'¹

Vipshop 618 report: New-style Chinese clothing purchased by post-95 consumers triples year-on-year

According to recent Vipshop (唯品会) data for its 618 special sale, Birkenstocks are popular among consumers born after 1995. The number of Birkenstock shoe purchases increased by 387% yoy. Workwear and minimalist styles are also favoured by the post-95s, and their sales increased by more than 50% yoy. The young people also love the China-chic (guochao), and they put the national style clothing into various scenes. Vipshop 618 data show that the number of new Chinese clothing purchased by post-95s increases three times year-on-year, and there are also a lot of orders for products such as Hanfu, horse-face skirts (mamianqun), crickets, and cheongsam.²

JD.com's AI virtual hosts drive tens of billions in GMV

JD.com (京东) recently held a media open day at its Beijing headquarters, showcasing a series of technologies used in major promotional activities, including various types of AI and digital human clone technology. During the 618 grand promotion period this year, the presidents of 18 large companies conducted 'digital human clone livestreams' with their virtual counterparts. In addition, JD.com has helped many small and medium-sized enterprises and merchants conduct livestreams with the use of digital human clones. At present, JD Yanxi's (言犀) digital human clones, which can be created in 5 to 10 minutes, have served more than 5,000 brands, and GMVs driven by these virtual hosts totalled nearly 10 billion yuan. The cost of Yanxi virtual hosts is one-tenth of a real host, and the livestream conversion rate is more than 30% during non-peak hours.³

Tmall 618 report: 365 brands exceed 100 million yuan in transaction value

Tmall (天猫) recently released data for the 618 shopping festival, which showed that across the promotional period, 365 brands exceeded 100 million yuan in transaction value on Tmall, with more than 36,000 brands doubling their transaction value. The number of new 88VIP members increased by 65% yoy, with memberships reaching a record high. The number of Taobao livestream sessions increased by 53% yoy. Some 34 influencer livestream studios and 47 brand livestream studios exceed 100 million yuan in transaction value. By the end of the 618 period, the turnover of 1.9 million Taobao small and medium-sized merchants increased by more than 100% yoy, more than double last year's number. Nearly 30,000 small and medium businesses have exceeded one million yuan in transaction value.⁴

Department Stores & Shopping Malls

Jiangsu's first JD mall opens on 18 June

The first JD Mall (京东 Mall) in Suzhou, Jiangsu opened on June 18. The JD Mall is made up of a 30,000-sqm retail area, and it houses more than 200 well-known brands and over 200,000 trendy products. It also offers the same services as JD.com's online channels. With a diversified offering such as consumer electronics products, home goods and home furnishings, the mall aims to offer a one-stop shopping experience that includes great products at economical prices.⁵

Supermarkets & Hypermarkets

Sam's Club China is among the most profitable Walmart stores worldwide

Walmart recently participated in the Evercore ISI consumer and retail conference, where the company's executive vice president and chief financial officer John David Rainey gave a speech. 'Nearly half of our business in the Chinese market is e-commerce. We are very satisfied with the business development of Sam's Club's as its performance continues to improve. In terms of total revenue, some of our best stores are in China, including Sam's Club locations.'⁶

Apparel

Net-a-Porter to exit China

Net-a-Porter recently announced that it will exit the Chinese market. Multiple fashion brands on the platform also received notice from Net-a-Porter that its Chinese business would face liquidation. The platform will stop ordering merchandise from Spring/Summer 2025 onwards, and the online business will continue until March next year. Net-a-Porter and its menswear platform Mr Porter entered China via Alibaba's Luxury Pavilion in 2019 and has been operated by their joint venture Feng Mao (风茂). The announcement came six years after the announcement of the joint venture between YOOX Net-a-Porter Group and Alibaba in 2018.⁷

Maison Margiela launches two-storey boutique store in Suzhou

French luxury fashion brand Maison Margiela recently launched its first Suzhou boutique store on the Cangjie Street shopping area. The store also includes the recent incarnation of experiential exhibition 'Tabiology'. The new boutique has a total area of 575 sqm, with two floors of retail space. The first floor displays new products, shoes, bags and REPLICA fragrance, while the second floor displays the iCons series as well as classic clothes and bags. The second floor also houses the seventh Maison Margiela Café in the world.⁸

Home Appliances & Consumer Electronics

Suning MAX store in Chongqing records sales growth of 51% during 618

During the re-opening of the newly upgraded Chongqing Guanyin Bridge Suning MAX store (苏宁易购 Max 店) during the 618 period, store sales increased by 51% yoy, and store traffic exceeded 100,000 on the first day. In addition, during the 618 period, the high-end brand share in air conditioner sales increased significantly. The sales of grade-one energy-saving air-conditioners accounted for more than 90% of the total, and sales of kitchen air conditioners increased by more than 500% yoy. In addition, the number of product exchange orders for consumer electronics in the store increased by more than 100% yoy, and the number of mobile phone orders above 10,000 yuan increased by more than 70% yoy.⁹

Food & Beverage

Starbucks China partners with Hilton Group

Starbucks China has recently partnered with the Hilton Group to link up the pair's membership programmes. Starbucks' members can join Hilton's membership programme and vice versa through both mobile apps to earn more benefits. The partnership programme is only available in the Chinese mainland.¹⁰

II. Market Overview

NBS: Total retail sales of consumer goods up by 3.7% yoy in May 2024

According to the National Bureau of Statistics (NBS), total retail sales of consumer goods reached 3.9211 trillion yuan in May, up by 3.7% yoy. By consumption type, retail sales of goods were 3.4937 trillion yuan, up by 3.6%, while catering revenue catering was 427.4 billion yuan, up by 5.0%. From January to May, total retail sales of consumer goods reached 19.5237 trillion yuan, up by 4.1% yoy. By consumption type, retail sales of goods were 17.3603 trillion yuan, up by 3.5% yoy, while catering revenue catering was 2.1634 trillion yuan, up by 8.4% yoy. From January to May, online retail sales of physical goods were 4.828 trillion yuan, up by 11.5% yoy and accounting for 24.7% of total retail sales of consumer goods.¹¹

2023 China Live E-commerce Market Data Report published

On 18 June, *2023 China Live E-commerce Market Data Report* was released. In 2023, livestreaming e-commerce showed signs of multi-dimensional and all-round development. While platform support is gradually increasing, market supervision is also becoming stronger. Cao Lei, vice chairman of the China General Chamber of Commerce's CGCC Livestreaming E-commerce Working Committee and director of 100EC's E-commerce Research Centre, said that livestreaming e-commerce showed three trends in 2023: companies investing in physical locations, stronger regulations, and diversifying marketing strategies.¹²

Total online GMV during 618 period reaches 742.8 billion yuan

During the 618 shopping festival this year, the gross merchandise value (GMV) fell 7% from last year to 742.8 billion yuan. In terms of channels, the GMV of general e-commerce platforms reached 571.7 billion yuan, a year-on-year decrease of 6.9%. Among the major platforms, Tmall (天猫) ranked first in terms of sales, followed by JD.com (京东) and Pinduoduo (拼多多). The GMV of livestreaming e-commerce platforms reached 206.8 billion yuan as Douyin still ranked first. Instant retail sales reached 24.9 billion yuan, with Meituan Instashopping (美团闪购) ranking first among new retail platforms, while JD NOW and Ele.me ranked second and third respectively. Total community group purchasing sales were 13.9 billion yuan, with Duoduo Maicai (多多买菜), Meituan Youxuan (美团优选), and Xingsheng Youxuan (兴盛优选) as the top three platforms.¹³

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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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