

# 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..... 2**

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

- Douyin Life Services are available in 370 cities and has partnered with over two million stores..... 2
- Xiaohongshu shuts down last e-commerce platform ..... 2
- Tmall’s TMIC launches three major measures for new product development..... 2

**Apparel & Sports..... 3**

- SHEIN launches 500-city industry belt plan to help brands expand overseas ..... 3
- Li Ning’s smart logistics centre in Shanghai commences operations ..... 3

**Food & Beverage..... 3**

- Moutai Group will no longer release ‘+Moutai’ peripheral products ..... 3
- Starbucks opens intelligent production base in Kunshan..... 3
- First batch of Tims Coffee franchisees to launch in Beijing and Shanghai ..... 4
- Yum China and Red Star Macalline establish strategic partnership ..... 4

**II. Market Overview ..... 4**

- NBS: Total retail sales of consumer goods up by 4.6% yoy in August ..... 4
- CCFA: China’s new-style tea drink market likely to exceed 200 billion yuan in 2025 . 4
- Ministry of Commerce: The instant retail market expected to triple from 2022 to 2025 ..... 5

**References (in Chinese) ..... 6**

# I. Sector Review

## Internet & E-commerce

### **Douyin Life Services are available in 370 cities and has partnered with over two million stores**

Douyin Life Services (抖音生活服务) recently hosted the 'Zhengzhou Catering Industry City Summit'. At the event, Douyin launched a 'Catering Merchant Upgrade Plan' to help Zhengzhou catering merchants carry out brand building and promotion on Douyin, improve merchants' digital operation capabilities and service quality, and revitalize Zhengzhou's catering industry. Douyin Life Services are now available in more than 370 cities and have more than two million partner stores.<sup>1</sup>

### **Xiaohongshu shuts down last e-commerce platform**

Xiaohongshu (小红书) recently announced the closure of its last e-commerce platform, Fulishe (福利社). The platform will stop selling goods from 16 October and will officially close its online store on 16 November. Fulishe was established at the end of 2014 and primarily sources skincare, cosmetics, and fashion related products directly from suppliers and resells them to consumers. In early September, Oasis (小绿洲), another Xiaohongshu-owned e-commerce platform that focuses on outdoor and sports products, announced its closure as well.<sup>2</sup>

### **Tmall's TMIC launches three major measures for new product development**

Tmall's (天猫) FMCG unit and Tmall Innovation Centre (TMIC) recently launched three major initiatives, including its first efficacy map, the FMCG trend calendar, and further promotion of the 'FMCG 50/450 Plan'. The company has partnered with various leading FMCG brands such as Procter & Gamble, Estee Lauder, Shanghai Jahwa (上海家化) and L'Oreal, in order to develop 500 new products with annual sales of over 10 million yuan in one year. Through data insights, collaborative R&D and market testing, TMIC can shorten the development time of a new product from two years to six months; it can also reduce the time to generate a bestselling product down to one month. Currently, more than 1,500 leading domestic and foreign brands have partnered with TMIC, more than 5,000 well-known brands have reached cooperation with TMIC for product testing, and nearly 100,000 new products have been developed through TMIC.<sup>3</sup>

## Apparel & Sports

### **SHEIN launches 500-city industry belt plan to help brands expand overseas**

SHEIN recently hosted the 'Cross-Border SHEIN Power' Investment Promotion Conference in Shenzhen. This was the brand's first investment promotion conference after it developed the 'self-operated brand + platform model' development strategy. SHEIN will focus on the multi-mode platform to provide 'menu-style' choices for sellers to sell overseas, and will launch a national 500-city industry belt plan to help more high-quality manufacturers and brands expand overseas, while also supporting industrial upgrades.<sup>4</sup>

### **Li Ning's smart logistics centre in Shanghai commences operations**

Li Ning (李宁) recently launched its e-commerce operation centre & Eastern China smart logistics centre in Shanghai. This is the company's first smart logistics warehouse, with an expected overall storage capacity of up to 10 million items and the ability to process up to 600,000 items per day. It will mainly serve six provinces and cities, including Jiangsu, Zhejiang, Shanghai, Anhui, Jiangxi, and Shandong. After implementing automatic picking in its logistics centre, Li Ning's overall picking efficiency will increase by more than 80%, and storage efficiency will increase by 100%.<sup>5</sup>

## Food & Beverage

### **Moutai Group will no longer release '+Moutai' peripheral products**

At the recent launch of its chocolate collaboration with Dove, Moutai Group (茅台集团) announced that it will halt the development of '+Moutai' peripheral products. Ding Xiongjun, Secretary of the Party Committee and Chairman of Moutai Group, highlighted the brand's objective of appealing to younger consumers. The brand's product matrix now includes the original liquor, Moutai International Hotel, ice cream, latte, and chocolate. At the moment, it has no plans to further develop new '+Moutai' peripheral products.<sup>6</sup>

### **Starbucks opens intelligent production base in Kunshan**

Starbucks recently opened its largest intelligent coffee production and logistics base in China, with a total investment of 1.5 billion yuan, highlighting the brand's growing commitment to its second-largest market. The newly completed production site, situated in Kunshan, Jiangsu, will serve as Starbucks' national production and distribution hub in China; it is also the company's greenest production site worldwide. The site covers a total area of 80,000 sqm and is divided into three main areas: coffee roasting factory, integrated logistics centre, and coffee experience centre.<sup>7</sup>

### **First batch of Tims Coffee franchisees to launch in Beijing and Shanghai**

On 19 September, Tims Coffee announced the official launch of its franchising model. The first franchise stores are located in Beijing and Shanghai, with a small store model – namely Tims Go. Previously, Tims China's franchising strategy was a combination of 'city franchise' (individual franchisees) and 'KA franchise' (stores-in-stores). As of September 2023, there were over 700 Tims Coffee stores across more than 40 cities nationwide, with over 17 million registered members.<sup>8</sup>

### **Yum China and Red Star Macalline establish strategic partnership**

Yum China (百胜中国) and Red Star Macalline (红星美凯龙) signed a strategic cooperation agreement on 19 September. In the future, the two parties will explore branch expansion and regional project development. The companies have already completed the opening or signing of eight projects in Xi'an, Xiamen, Shenzhen, Shanghai, Chengdu, etc., and another 26 intended cooperation projects are in the works – Yum China will bring KFC, Pizza Hut and other brands into Red Star Macalline shopping malls in Sichuan, Hebei, Tianjin and other regions.<sup>9</sup>

## **II. Market Overview**

### **NBS: Total retail sales of consumer goods up by 4.6% yoy in August**

In August, total retail sales of consumer goods reached 3.7933 trillion yuan, an increase of 4.6% yoy. By types of consumption, retail sales of physical goods reached 3.3721 trillion yuan, an increase of 3.7% yoy; catering income was 421.2 billion yuan, an increase of 12.4% yoy. From January to August, total retail sales of consumer goods reached 30.2281 trillion yuan, an increase of 7.0% yoy. By types of consumption, retail sales of physical goods reached 2.69463 trillion yuan, an increase of 5.6% yoy; catering income was 3,281.8 billion yuan, an increase of 19.4% yoy. From January to August, online retail sales of physical goods totalled 7.9821 trillion yuan, an increase of 9.5% yoy, accounting for 26.4% of total retail sales of consumer goods.<sup>10</sup>

### **CCFA: China's new-style tea drink market likely to exceed 200 billion yuan in 2025**

According to a recent report by the China Chain Store & Franchise Association (CCFA) and Meituan (美团), the market size of China's new-style tea drinks is likely to surpass 200 billion yuan in 2025. The value of the market is expected to reach 149.8 billion yuan in 2023. The report stressed the rapid expansion of this market, noting that there were around 515,000 new-style tea shops in China by the end of August 2023, a surge of more than 36% from the end of 2020. In June 2023, new-style tea shops accounted for about 57.7% of all beverage stores in China.<sup>11</sup>

## **Ministry of Commerce: The instant retail market expected to triple from 2022 to 2025**

The Ministry of Commerce's E-commerce Research Institute recently released the *Instant Retail Industry Development Report (2023)*. According to the report, instant retail has maintained an average annual growth rate of more than 50% in recent years. The market size reached 504.286 billion yuan in 2022, and is expected to triple by 2025.<sup>12</sup>

## References (in Chinese)

- <sup>1</sup> 《抖音生活服务已覆盖超 370 个城市 合作门店超 200 万家》，2023 年 9 月 15 日，亿邦动力网  
<https://www.ebrun.com/ebrungo/zb/528891.shtml>
- <sup>2</sup> 《小红书调整电商策略,关闭自营店》，2023 年 9 月 18 日，新浪财经网  
[https://finance.sina.cn/chanjing/gsxw/2023-09-18/detail-imzmpzpa6642051.d.html?vt=4&wm=4007?ch=3&cid=76478&node\\_id=76478](https://finance.sina.cn/chanjing/gsxw/2023-09-18/detail-imzmpzpa6642051.d.html?vt=4&wm=4007?ch=3&cid=76478&node_id=76478)
- <sup>3</sup> 《天猫 TMIC 推出新品孵化三大举措》，2023 年 9 月 21 日，网经社  
<https://www.100ec.cn/detail--6632218.html>
- <sup>4</sup> 《SHEIN 推出全国 500 城产业带计划》，2023 年 9 月 21 日，亿邦动力网  
<https://m.ebrun.com/529402.html>
- <sup>5</sup> 《李宁华东智慧物流中心正式启用》，2023 年 9 月 20 日，电商报  
<https://www.dsb.cn/228321.html>
- <sup>6</sup> 《茅台集团宣布停止“+茅台”周边产品的开发》，2023 年 9 月 18 日，联商网  
<http://www.linkshop.com/news/2023509092.shtml>
- <sup>7</sup> 《星巴克在昆山建产业园，布局完整产业链》，2023 年 9 月 19 日，第一财经网  
<https://m.yicai.com/news/101862048.html>
- <sup>8</sup> 《Tims 天好咖啡开放加盟，首批开放北京、上海》，2023 年 9 月 19 日，联商网  
<http://www.linkshop.com/news/2023509157.shtml>
- <sup>9</sup> 《百胜中国与红星美凯龙达成战略合作：已完成 8 个项目开业及签约》，2023 年 9 月 20 日，赢商网  
<http://news.winshang.com/html/071/6917.html>
- <sup>10</sup> 《2023 年 8 月份社会消费品零售总额增长 4.6%》，2023 年 9 月 15 日，国家统计局  
[http://www.stats.gov.cn/sj/zxfb/202309/t20230915\\_1942849.html](http://www.stats.gov.cn/sj/zxfb/202309/t20230915_1942849.html)
- <sup>11</sup> 《CCFA：2025 年新茶饮市场规模有望超两千亿》，2023 年 9 月 20 日，联商网  
<http://www.linkshop.com/news/2023509196.shtml>
- <sup>12</sup> 《商务部：预计 2025 年即时零售市场规模将达 2022 年的 3 倍》，2023 年 9 月 21 日，新浪财经网  
<https://finance.sina.cn/hkstock/sckxjfx/2023-09-21/detail-imznmtpc3829126.d.html?vt=4>

## 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 2023 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.