

China Retail & E-commerce Weekly Update



I. Sector Review..... 2

Internet & E-commerce 2

JD.com to invest hundreds of billions in traffic support for high-quality merchants..... 2

73 new brands on Tmall Beauty see sales exceed 100 million yuan last year 2

Kuaishou’s 2Q24 GMV up 15% yoy to 305.3 billion yuan..... 2

Yatsen’s 2Q24 revenue reaches 795 million yuan as skincare business shows steady growth 3

ByteDance expands search offerings with Douyin Search app..... 3

Kuaishou E-commerce’s pan shelf-based GMV increases by 45% yoy during ‘818 New Season’ promotion 3

Supermarkets & Hypermarkets 4

Walmart China’s 2Q24 net sales up 17.7% yoy to US\$4.6 billion as Sam’s Club and e-commerce businesses perform well 4

Retail Logistics..... 4

Dada Nexus: Dada NOW net revenue reaches 2.6 billion in 1H24 4

Apparel 5

Li Ning Group’s net profit falls 8% yoy in 1H24 5

Uniqlo to open 20 new stores in China by October 5

Home Goods..... 5

MINISO launches ‘24-hour super store’ business format..... 5

Food & Beverage..... 6

KFC’s KCOFFEE opens 300th store in China 6

Chayan Yuese establishes three companies in Suzhou 6

References (in Chinese) 7

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

Internet & E-commerce

JD.com to invest hundreds of billions in traffic support for high-quality merchants

JD.com (京东) recently announced that it will increase traffic support by hundreds of billions to create a new traffic ecosystem, which will help high-quality merchants grow while also bringing new business growth opportunities to more merchants. At the same time, JD.com's digital marketing service platform 'Jingzhuntong' (京准通) will also provide merchants with a full range of service support measures through smart, simple and efficient marketing tools to help them seize growth opportunities and achieve full-cycle operational efficiency. Since the beginning of this year, JD.com has continued to increase its resource investment in the traffic ecosystem. At the JD.com 618 Merchant Ecosystem Partner Conference held in April this year, JD.com announced that it would invest resources to upgrade the three core areas of the traffic ecosystem, AI technology, and service capabilities.¹

73 new brands on Tmall Beauty see sales exceed 100 million yuan last year

The tenth annual Tmall (天猫) Beauty Awards were recently held in Shanghai. The number of participating brands doubled compared to last year, and the awards have grown in scale and segmentation in recent years. Various livestreaming hosts broadcasted the entire show outside the venue, showcasing Tmall Beauty's livestream ecosystem. Data show that in the past year, 73 new brands on Tmall Beauty had sales exceeding 100 million yuan, with growth rate exceeding 50%.²

Kuaishou's 2Q24 GMV up 15% yoy to 305.3 billion yuan

Kuaishou (快手) recently released its financial results for the second quarter of 2024. During this period, its revenue reached 30.98 billion yuan, up 11.6% yoy. Net operating profit was 3.9 billion yuan, more than doubling year-on-year. In terms of business segments, online marketing services contributed the most to revenue in the second quarter, accounting for 56.5%; livestreaming contributed 30.0% to revenue, and other services including e-commerce accounted for 13.5%. Furthermore, the company's GMV increased by 15% yoy to 305.3 billion yuan. The number of monthly active e-commerce buyers increased by 14.1% yoy to 131 million, and the monthly active user penetration rate reached a new high of 18.9%.³

Yatsen's 2Q24 revenue reaches 795 million yuan as skincare business shows steady growth

Beauty brand Perfect Diary's (完美日记) parent company Yatsen (逸仙电商) recently released its financial results for the second quarter of 2024. During this period, the company's revenue was 794.5 million yuan, a 7.5% decrease year-on-year. Its skincare brands contributed 325.2 million yuan, making up 40.9% of the total revenue, while the company's net loss narrowed by 21.2% yoy to 85.5 million yuan. The decline in Yatsen's revenue in the quarter is attributed to the subdued performance of China's beauty industry during the 618 Shopping Festival and a challenging consumer goods sector.⁴

ByteDance expands search offerings with Douyin Search app

Douyin (抖音) owner ByteDance (字节跳动) recently launched its fourth app within the search category, called 'Douyin Search', which is a stand-alone app to search for short video content published on Douyin. Douyin Search is different from the previous three search products, as it avoids direct competition with Baidu and Quark, focusing on short video content. Among the four search apps previously launched by ByteDance, only Toutiao Search Lite is still available to download from major app stores.⁵

Kuaishou E-commerce's pan shelf-based GMV increases by 45% yoy during '818 New Season' promotion

Kuaishou E-commerce's (快手电商) 818 New Season promotion recently ended. During this promotion, Kuaishou E-commerce's pan shelf-based GMV increased by 45% yoy, the number of new buyers increased by 33% yoy, the number of active merchants increased by nearly 30% yoy, the GMV of mid-level merchants increased by 27% yoy, and the GMV of e-commerce influencer business increased by 24% yoy. Nearly 1,200 items had a GMV of over one million yuan. At the same time, the total GMV of Kuaishou's group-buying promotion '10,000-people group' exceeded 26 million yuan. Furthermore, Kuaishou E-commerce selected more than 180 products for the 'bestselling product distribution plan', and the average GMV of selected products exceeded one million yuan, with more than 10,000 distributors participating in the plan. During the 818 promotion, more than 5,000 hosts launched shopping groups.⁶

Supermarkets & Hypermarkets

Walmart China's 2Q24 net sales up 17.7% yoy to US\$4.6 billion as Sam's Club and e-commerce businesses perform well

Walmart China recently announced its financial results for the second quarter of 2024. Walmart China's net sales in the quarter reached US\$4.6 billion, up 17.7% yoy, comparable sales increased by 13.8% yoy, and e-commerce net sales increased by 23% yoy. The company's Sam's Club and e-commerce businesses continued their strong performance. At the same time, the customer traffic of Sam's Club and hypermarkets showed growth. Driven by sales growth, continued product differentiation and efficient operations, overall gross profit margin increased, operating costs declined, and operating income increased. Furthermore, Walmart China's e-commerce penetration rate reached 49%, an increase of more than 200 basis points year-on-year.⁷

Retail Logistics

Dada Nexus: Dada NOW net revenue reaches 2.6 billion in 1H24

Dada Nexus (达达集团) recently announced its financial results for the second quarter and first half of 2024. In the first half of this year, the company's local on-demand delivery platform Dada NOW saw a 51% yoy increase in revenue, reaching 2.6 billion yuan; the total number of completed orders in the first half of the year reached 1.23 billion, a year-on-year increase of 15%. In the second quarter, Dada Group's total revenue was 2.35 billion yuan, of which JD.com's (京东) instant delivery business JD NOW (京东秒送) saw revenue of 910 million yuan while Dada NOW's revenue reached 1.44 billion yuan. It is worth noting that in May 2024, Dada Group announced that its business would be integrated into the JD.com ecosystem, and JD.com's hourly delivery and home delivery services would be fully integrated and upgraded to JD NOW. Furthermore, the penetration rate of instant delivery among JD.com users continued to increase month-on-month.⁸

Apparel

Li Ning Group's net profit falls 8% yoy in 1H24

Li Ning Group (李宁集团) recently released its 2024 interim results. In the first half of 2024, the group's revenue increased by 2.3% yoy to 14.345 billion yuan; operating profit decreased by 3% yoy to 2.4 billion yuan. In terms of sales channels, 14.097 billion yuan of revenue came from the Chinese market, and overseas revenue accounted for only 1.7% of total revenue. In the domestic market, sales to franchised distributors was 6.59 billion yuan, a slight decrease of 2.0% yoy; sales from direct operation was 3.5 billion yuan, an increase of 2.7% yoy; and sales from e-commerce channel was 4.0 billion yuan, an increase of 10.2% yoy. As of the end of the reporting period, the number of stores under the Li Ning brand (including Li Ning core brand and Li Ning YOUNG) amounted to 7,677, an increase of nine stores from 31 December 2023.⁹

Uniqlo to open 20 new stores in China by October

On 16 August, Uniqlo held its 2024 Fall/Winter product launch in Shanghai. At the event, Uniqlo announced its continued investment in the Chinese market, aiming to upgrade its 'individual store management' strategy. The company plans to open 20 additional stores in China between September to October this year – including its first store in Sanya. In addition, the Uniqlo store located in Tongde Kunming Plaza is about to reopen. As of now, UNIQLO has opened more than 900 directly-operated stores in more than 200 cities across the Chinese mainland, and is expected to expand to over 1,000 stores in the future.¹⁰

Home Goods

MINISO launches '24-hour super store' business format

MINISO (名创优品) recently launched a new '24-hour super store' business format. It is aimed at consumers within a 3–10-kilometre radius of the store, who can order items online and receive them within one hour. Currently, more than 200 super stores are in operation. At present, product categories include daily necessities, with an average ticket value of 30-40 yuan, and the stores are connected to the Meituan (美团) and Ele.me (饿了么) platforms.¹¹

Food & Beverage

KFC's KCOFFEE opens 300th store in China

KFC China recently opened its 300th KCOFFEE (肯悦咖啡) store, located in Wutai Mountain area in Xinzhou, Shanxi. It opened simultaneously with an adjacent KFC location. KCOFFEE operator Yum China (百胜中国) previously announced its plan to reach 300 KCOFFEE stores this year, and it has done so ahead of schedule. According to its latest performance report, there will be between 500 and 600 KCOFFEE stores by the end of this year. Founded in 2017, KCOFFEE is an affordable coffee chain operating under KFC, targeting mass market consumption.¹²

Chayan Yuese establishes three companies in Suzhou

Three companies – Suzhou Jizhi Beverage Co., Ltd, Suzhou Zhixian Beverage Co., Ltd, and Suzhou Qingcao Beverage Co., Ltd – were recently established. All three companies are wholly owned by Hunan Cha Yue Cultural Industry Development Group, an affiliated company of Chayan Yuese (茶颜悦色). The business scope of the three companies includes catering services, food sales, food Internet sales, alcohol business, takeaway delivery services, etc. This past July, Chayan Yuese announced on WeChat that it planned to open its first batch of stores in Suzhou within two months.¹³

References (in Chinese)

- ¹ 《京东宣布投入千亿流量扶持优质商家》，2024年8月19日，网经社
<https://www.100ec.cn/detail--6641489.html>
- ² 《天猫美妆 73 个新品牌成交破亿》，2024年8月20日，网经社
<https://www.100ec.cn/detail--6641502.html>
- ³ 《快手电商 2024 年第二季度 GMV 达 3053 亿》，2024年8月21日，联商网
<http://www.linkshop.com/news/2024521951.shtml>
- ⁴ 《逸仙电商 Q2 营收 7.95 亿，护肤业务稳中有进》，2024年8月21日，新浪财经网
<https://finance.sina.com.cn/tech/csj/2024-08-21/doc-inckkzfy2555485.shtml>
- ⁵ 《抖音再战搜索，推出第 4 款搜索 APP》，2024年8月21日，联商网
<http://www.linkshop.com/news/2024521982.shtml>
- ⁶ 《快手电商 818 大促收官：电商达人业务 GMV 同比增 24%》，2024年8月22日，电商报
<https://www.dsb.cn/news/01j5w34dfr6pc626x0w43fc8ds>
- ⁷ 《沃尔玛中国 Q2 净销售额为 46 亿美元 山姆及电商业务表现强劲》，2024年8月17日，赢商网
<http://news.winshang.com/html/072/6723.html>
- ⁸ 《达达集团：2024 年上半年达达秒送实现业务营收 26 亿元》，2024年8月21日，观点网
<https://www.guandian.cn/article/20240821/430578.html>
- ⁹ 《李宁集团上半年净利下滑 8%，电商渠道销售有所增长》，2024年8月16日，新浪财经网
<https://finance.sina.cn/stock/re/news/hk/2024-08-16/detail-inciveze0740081.d.html>
- ¹⁰ 《优衣库计划 9 月-10 月在中国新开近 20 家店 三亚首店拟十一期间开业》，2024年8月19日，赢商网
<http://news.winshang.com/html/072/6764.html>
- ¹¹ 《名创优品盘前涨超 6% 推出新业态“24 小时超级店”》，2024年8月22日，新浪财经网
<https://finance.sina.cn/2024-08-22/detail-inckpefn2292286.d.html>
- ¹² 《肯德基旗下咖啡品牌“肯悦咖啡”全国第 300 家店开业》，2024年8月19日，联商网
<http://www.linkshop.com/news/2024521838.shtml>
- ¹³ 《茶颜悦色在苏州成立 3 家门店》，2024年8月20日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/557082.shtml>

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.

© Copyright 2024 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.