



China Retail & E-commerce

Weekly Updates

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General retail

State Council supports export-oriented factories to sell domestically

On 22 June, the State Council issued the “Implementation Opinions on Supporting Export-oriented Factories to Sell to Domestic Market”, aiming to help export-oriented factories survive in the post-COVID era. The Opinions put forward the following measures: simplifying product certification process and taxation procedures for export-oriented factories to sell domestically; supporting the launch of various retail channels/ platforms which target the domestic market, encouraging export-oriented factories to join force with e-commerce platforms and build their own private labels; and strengthening financial support to export-oriented factories to transform and sell domestically¹.

E-commerce

Sales of Tmall, JD.com, Suning, Gome pick up during “618” shopping festival

Tmall: From 1-18 June, Tmall’s cumulative GMV reached 698.2 trillion yuan. More than 100,000 merchants joined the event, doubling the number in 2019.

JD.com: From 1-18 June, JD.com’s cumulative GMV reached 269.2 trillion yuan, more than 187 brands recorded sales of over 100 million yuan. The most popular categories were food and beverage, baby and maternity products, and cosmetics; the categories with the highest growth were fresh food, healthcare products, and kitchenware. Consumer spending in Beijing, Shanghai and Guangzhou were the highest. Livestreaming became the most popular marketing tool during the “618” shopping festival, with daily sales generated from JD.com-Kuaishou’s livestreaming

session reaching 1.42 trillion yuan.

Suning: On 18 June, Suning’s omni-channel sales increased by 129% yoy; order volume of its FMCG and O2O home-delivery (Daojia) service increased by 223% yoy and 510% yoy respectively.

Pinduoduo: Sales on Pinduoduo increased by 119% yoy during the “618” shopping festival. During 9-20 June, Pinduoduo further increased the subsidies to merchants from 10-20% to 50-60%.

Gome: Sales on Gome increased by 73.8% yoy on 18 June².

Taobao Deals records over 1 million new registered members on a single day

Taobao Deals’ number of daily active users (DAU) has increased tenfold since its launch on 26 March 2020. The app recorded over 1 million new registered members on a single day on 15 June. According to statistics from Tmall, the order volume of C2M products on Taobao Deals during the “618” Shopping Festival increased over 500% yoy. Of which, order volume received by factories in Guangdong, Zhejiang, Fujian and Jiangsu were the highest. Over 200 factories generated sales of over 1 million yuan and over 1,900 factories gained sales of over 100,000 yuan. It is reported that over 1.2 million factories have already joined the Taobao Deals platform, making it the largest online sales platform for factories³.

Jingxi records daily order volume of over 7 million during “618” shopping festival

During “618” shopping festival, JD.com’s group buying platform Jingxi recorded daily order volume of over 7 million, of which, the number of orders exceeded 10 million on a single day on 18 June. Over 34 small-and medium-sized brands achieved sales of over 100 million yuan during the event. Currently, merchants/factories from over 100 industrial

clusters have joined Jingxi. During the “618” shopping festival, Jingxi held over 10,000 livestreaming events from factories to lure customers⁴.

WeChat runs beta test for its new Mini Program “WeChat Mini Store”, allowing users to set up store for livestreaming sessions and product sale

According to media reports, WeChat is currently running a beta test for its new Mini Program “WeChat Mini Store”, which allows users, with just one click, to open a self-operated mini store. Inside the new Mini Program, users can directly set up a mini store to host livestreaming sessions and sell products. The company’s spokesperson did not provide an official launch schedule for the new Mini Program⁵.

Pinduoduo partners with Nanchang government to launch the first livestreaming shopping festival

On 22 June, the Nanchang Municipal Government signed a strategic framework agreement with Pinduoduo to launch a series of events during the livestreaming shopping festival. These events include promoting quality Nanchang products using livestreaming commerce and organizing online exhibitions for Nanchang production. The festival will be lasted for two weeks. It will become the third livestreaming shopping festival after Shanghai’s “5.5 Shopping Festival” and Guangzhou’s “Livestreaming Festival”; and the first of this scale to be held in central China⁶.

Logistics

Cainiao Courier Station adds local lifestyle services to its courier stations

On 23 June, Cainiao Courier Station announced to add various local lifestyle services to its courier station, including service station for group buying platforms, laundry service, and recycling service, aiming to expand its business scope. It already lined up with RT-Mart’s group buying platform to offer service for group buying in 15 cities⁷.

Department stores and shopping malls

Cumulative GMV of Mini Programs by the shopping mall and department store sector increases by 670% yoy

Launching Mini Program Malls and livestreaming commerce has become a key digital initiative of department stores and shopping malls in the post-Covid-19 era. A lot of shopping malls and department stores have leveraged livestreaming commerce to boost online sales. Since January 2020, cumulative GMV of Mini Programs by the shopping mall and department store sector has increased by 670% yoy. Take Rainbow Department Store and CapitaLand Malls as examples. From 11 to 18 June, their branches across China broadcasted 163 livestreaming shows. At the “618” Shopping Festival, their “counter-direct online malls” achieved 258% increases in sales compared to the daily average of the previous month. Total online sales also grew by 175% yoy. The three livestreaming shows run by CapitaLand Malls during the “618” Shopping Festival all achieved over one-million-yuan GMV. Average order value reached 3,000 yuan and the highest order

value exceeded 38,000 yuan. These all showed the significant roles played by Mini Program Malls and livestreaming commerce in promoting online sales⁸.

Wangfujing Group, Douyin seal all-round strategic partnership deal

On 18 June, Wangfujing Group inked a pact with ByteDance's marketing unit OceanEngine via a live video call, marking the kickoff of an all-round strategic partnership between Wangfujing Group and Douyin. Both parties reportedly plan to collaborate on building livestreaming infrastructure, launching new livestreaming series, leveraging the online traffic generated by Douyin's livestreaming sessions to further expand in the market, and driving attention and engagement to activities celebrating the 65th anniversary of Wangfujing Group. They aim to form a collaborative ecosystem between Wangfujing Group and Douyin and create more shopping and social networking scenes⁹.

Supermarkets and hypermarkets

Carrefour opens the first restaurant Mr. Fu

On 16 June, Carrefour tapped the "Supermarket + catering" business model by opening a new restaurant "Mr. Fu" in its Carrefour Shanghai Gubei branch. Located on the third floor of the Carrefour store, Mr. Fu has an operating area of around 630 sqm with 210 seats. Unlike the catering area in regular supermarkets, Mr. Fu has three distinctive features: it runs as a restaurant; it does not cooperate with third-party catering providers; and it has its own private labels. Carrefour expected to open 100 Mr. Fu restaurants in 2020¹⁰.

Apparel

Japanese fashion and lifestyle brand niko and ... launches on Tmall

Japanese fashion and lifestyle brand niko and ... officially launched its online flagship store on Tmall in June; the online flagship store currently has over 6,000 followers. Besides setting up flagship store on Tmall, the brand has also launched on Xiaohongshu and WeChat Mini Program. niko and ... revealed that it will focus its expansion on the China market, with cities in Southern China, such as Shanghai, Hangzhou, Suzhou, Chengdu, Chongqing, Shenzhen and others, as its first priority¹¹.

Japanese womenswear brand earth music&ecology to exit China by late June

It is reported that Japanese female brand earth music&ecology will exit the Chinese market by 30 June. Samansa Mos2 and E hyphen word gallery, another two womenswear brands under the same parent group STRIPE INTERNATIONAL, will also exit China. It is understood that earth music & ecology entered the China market in 2011. Previously, a few Japanese apparel brands such as Honeys and collect point have exited China one by one¹².

Aikucun's launches decentralized sales platform "Xiangdian" for off price branded products

Aikucun has recently launched a decentralized sales platform "Xiangdian" for off price branded products. Featuring product recommendation and sales functions, Xiangdian offers best deals on over 10,000 authentic branded products, along with product selection, recommendation, after-sales support and other customized services provided by over 1.8 million store owners on

the platform; among the customized services, personalized product recommendation service, which suggests products to customers based on their browse and purchase history, has successfully set Xiangdian apart from other e-commerce platforms¹³.

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Fung Business Intelligence

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