

China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Dingdong Maicai opens first Dingdong Outlets store

Dingdong Maicai (叮咚买菜) recently opened the first Dingdong Outlets (叮咚奥莱) store in Songjiang District, Shanghai. The store covers around 500 sqm and mainly sells fresh fruit including vegetables, meat, poultry, eggs and other common food product categories. The launch of Dingdong Outlets is part of Dingdong Maicai's efforts to reach more consumers leveraging the company's existing supply chain and product development capabilities; it hopes to guarantee product quality and differentiation at lower prices.¹

Meituan launches wine delivery business in Beijing

Meituan's (美团) self-operated wine delivery business 'Waima Wine Delivery' (歪马送酒) will soon be available in Beijing with an expected average delivery time of 15 minutes. According to public information, Waima Wine Delivery began internal testing in July 2021 with the launch of a mini app. The first pilot city was Huizhou, Guangdong, and there have been few major developments since then.²

Meituan Live's monthly GMV exceeds 2 billion yuan

Meituan Live's (美团直播) single-month GMV exceeded 2 billion yuan this past October, compared to around 500-600 million yuan when the platform's livestreaming portal was launched in July and around 1.2 billion yuan in August, with many livestreaming studios achieving over 100 million in revenue. However, sources revealed that Meituan has not yet set an annual GMV target for its livestreaming business. The current focus is still on improving the platform's basic livestreaming capabilities, expanding merchant participation, and exploring livestream formats suitable for local merchants.³

East Buy app launches culture and tourism products for the first time with over 100 partner companies

On 10 December, East Buy (东方甄选) launched culture and tourism products on its app for the first time – from December 10-12, East Buy livestream hosts will be streaming from Sanya, Hainan, Lijian, Yunnan and Jilin. At present, more than 100 culture and tourism-related companies have partnered with East Buy, and will sell various products such as travel packages, tourist attraction tickets, hotel packages and other culture and tourism products on the East Buy app.⁴

Kuaishou launches 12.12 promotion

Kuaishou's (快手) 12.12 year-end promotional period began on 7 December. During the event, Kuaishou will offer up to one billion yuan in product subsidies and consumers can receive up to 666 yuan in consumption vouchers every day. The promotion aims to help platform merchants and influencers grow their business while developing sustainable business models after the promotion to ensure long-term growth.⁵

Supermarkets & Hypermarkets

Freshippo has nearly 10 million users buying organic food

Since Freshippo (盒马) began selling organic products in June 2018, the number of buyers has increased year by year, and the penetration rate of organic food has continued to rise. From 2018 to 2021, the number of people buying organic food on Freshippo has quadrupled to reach nearly 10 million.⁶

Metro opens its first community store in China

Metro recently opened its first community store in Beijing. Unlike other hypermarkets and warehouse membership stores, this store is based on the local community and focuses more on creating advantages such as miniaturization, proximity, and convenience. The store introduces many of Metro's own brands and some imported European products, mainly to serve consumer groups in the surrounding area.⁷

The first Costco store in South China will open in January 2024

The sixth Costco store in China will open in January 2024 in Shenzhen. This is the first Costco store in South China, with a total area of 44,500 sqm, a shopping area of 15,000 sqm, and around 4,000 types of products. Currently, the store has opened a temporary registration point. In the future, Costco will continue to expand in the Chinese mainland market. The Nanjing store will also be launched in May 2024. By the first half of 2024, Costco will operate at least seven stores across the country.⁸

Apparel

Lululemon launches first menswear pop-up in China

Sports lifestyle brand lululemon recently opened its first menswear pop-up space in China on the first floor of Shanghai Hongqiao Tiandi. The pop-up store features autumn and winter running, training and daily apparel, such as the popular ABC men's pants series and Wunder Puff down series, providing a one-stop shopping experience for the brand's male customers. The pop-up store will be open until 4 January 2024.⁹

Luxury

Chanel's first store in Central China opens in Zhengzhou

Chanel's first store in Central China, located in Zhengzhou's David Plaza, recently opened on 1 December. This is the brand's 18th boutique in the Chinese mainland. The store has a business area of 841 sqm and sells a full range of branded clothing, shoes, accessories and other products. It also has four VIC (Very Important Client) Rooms.¹⁰

Louis Vuitton holds fashion show in Hong Kong for the first time

On 30 November, Louis Vuitton hosted its first fashion show in Hong Kong, at the Avenue of Stars in Tsim Sha Tsui. Many notable Hong Kong and Chinese mainland such as Chow Yun-fat, Aaron Kwok, Gong Jun, Bai Jingting, and TNT were in attendance. This fashion show highlight's the importance of the Chinese market to LVMH. Dior, LVMH's second-largest brand in terms of sales after Louis Vuitton, will also hold a menswear show in Hong Kong next year. Pharrell Williams, the creative director of Louis Vuitton's menswear, has already joined Xiaohongshu (小红书) and Douyin (抖音).¹¹

Prada looks to double China business in medium term

Prada is looking to double its business in China, according to Chief Executive Gianfranco D'Attis in a recent statement, even as the market faces slowing growth in luxury demand and economic headwinds. D'Attis said that increased investments would not necessarily mean a major uptick in the number of stores opening across the country, but possibly larger stores with more product categories, more localized products, more experiences, and so on. The brand is also planning a hospitality concept which may be unveiled in 2024 or 2025.¹²

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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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