

# China Retail & E-commerce Weekly Update



**I. Sector Review..... 3**

**General Retail..... 3**

Alibaba’s first KOILAND store opens in Shanghai..... 3

**Internet & E-commerce ..... 3**

JD.com launches Jingxin app ..... 3

Alipay is now compatible with UnionPay Cloud QuickPass ..... 3

Taobao app has a new ‘senior mode’..... 3

JD.com launches new instant retail brand JD Hourly Shopping ..... 4

Ali Research Institute: Number of Taobao villages nationwide tops 7,000..... 4

**Retail Technology ..... 4**

Lianhua Huashang to build the first Century Lianhua Whale-Choice Space Station .. 4

**Retail Logistics..... 5**

CapitaLand enters the Chinese logistics market ..... 5

**Convenience Stores..... 5**

Lawson plans to wholly acquire Sichuan WOWO Convenience Store ..... 5

**Cosmetics ..... 5**

ByteDance enters the perfume market..... 5

South Korean skincare brand Mitazis enters the Chinese market ..... 5

**Commercial properties..... 6**

The fourth Taikoo Li in China to be located in Liwan District, Guangzhou ..... 6

**Helen Chin**  
Vice President

**William Kong**  
Senior Research Manager

**Brigitte Ng**  
Research Analyst

**Vivian Liang**  
Assistant Manager

**Fung Business Intelligence**  
1/F LiFung Tower  
888 Cheung Sha Wan Road  
Kowloon, Hong Kong  
T: (852) 2300 2470  
F: (852) 2635 1598  
E: fbigroup@fung1937.com  
W: <http://www.fbigroup.com>



**II. Market Overview ..... 6**

Accenture: 16% of Chinese companies have achieved remarkable digital transformation..... 6

iiMedia Consulting: Single consumers are driving the 'one-person economy'..... 6

Retail sales of 100 key large-scale retail enterprises fall by 9.2% yoy during National Day holiday..... 7

CBNData: More than 60% of male consumers purchase their own skincare products ..... 7

DT Finance, Tmall Black Box: Nearly 90% of consumers purchase new products on a regular basis ..... 7

iResearch: Multi-brand cosmetics retail store industry to reach 13 billion by 2023..... 8

iResearch: Strong domestic maternal and baby brands emerge..... 8

**III. Policy Spotlight ..... 9**

Tianshui Cross-border E-commerce Pilot Zone in Gansu is now operational ..... 9

NMPA issues China's first regulations for children's cosmetics ..... 9

**References (in Chinese) ..... 10**

# I. Sector Review

## General Retail

### Alibaba's first KOILAND store opens in Shanghai

Alibaba's (阿里巴巴) first KOILAND (另物) store recently opened in Shanghai Shimao Plaza (世茂广场) as China's first dedicated IP product space, providing one-stop services from entertainment, shopping to catering. KOILAND is Alibaba's new lifestyle brand which focuses on IP-affiliated home art and daily necessities. Currently the store contains over 30 trendy IPs and over 1,000 items, and it regularly displays limited-edition artist collaboration products.<sup>1</sup>

## Internet & E-commerce

### JD.com launches Jingxin app

JD.com (京东) recently launched 'Jingxin' (京心), a new app which allows users to shop supermarkets online. It features products from nearby supermarkets that have partnered with JD.com, allowing for a wider product range than community group purchasing services do. Jingxin also provides 30-minute delivery as well as in-store pickup services, placing it somewhere between online supermarkets and community group purchasing apps.<sup>2</sup>

### Alipay is now compatible with UnionPay Cloud QuickPass

On 2 October, Alipay (支付宝) announced its partnership with China UnionPay (中国银联) to promote safe, interconnected online and offline payments. Alipay has opened up online payments to UnionPay Cloud QuickPass, and at the first stage 85% of Taobao (淘宝) merchants are covered. Alipay and Cloud QuickPass codes are also mutually compatible now. In the future, Alipay will further optimise user experience, open up more payment connections, and help construct an open digital ecosystem.<sup>3</sup>

### Taobao app has a new 'senior mode'

Taobao (淘宝) announced that the latest version of its app, which will be released before the Singles' Day (11 November), will contain a new 'senior mode'. This mode will feature a simplified homepage and larger interface fonts. Users can turn on the senior mode by selecting 'Mode Switch' within the app settings. The mode also has a smart assistant, allowing elderly users to search for products using voice control.<sup>4</sup>

## JD.com launches new instant retail brand JD Hourly Shopping

JD Hourly Shopping (京东小时购), jointly developed by JD.com (京东) and Dada Group (达达集团), officially launched on 12 October. This new venture for JD.com's real-time retailing business provides delivery within an hour or even in minutes. When consumers purchase products with the 'hourly shopping' logo on the JD.com app, they can enjoy hourly or even minute-level delivery service. Deliveries are provided by Dada Group and the business has grown rapidly since its trial operations – sales in September increased by 150% compared to January.<sup>5</sup>

## Ali Research Institute: Number of Taobao villages nationwide tops 7,000

According to the latest research from the Spatial Planning Research Centre of Nanjing University (南京大学空间规划研究中心) and the Ali Research Institute (阿里研究院), the number of 'Taobao villages' in 2021 has reached 7,023 – an increase of 1,598 from the previous year and the fourth consecutive year with annual growth above 1,000. The number of Taobao villages grew rapidly from 3 in 2009 to 5,425 in 2020 and 7,023 now. It is also showing a trend of clustered development. According to the Ali Research Institute, a Taobao village is defined as any administrative village in rural areas with annual e-commerce sales of 10 million yuan and 100 active online stores (or 10% of the number of local households).<sup>6</sup>

## Retail Technology

### Lianhua Huashang to build the first Century Lianhua Whale-Choice Space Station

Developed by Hangzhou Lianhua Huashang Group (杭州联华华商集团), the first Century Lianhua Whale-Choice Space Station (世纪联华鲸选宇宙空间站) will be revealed at the 8<sup>th</sup> International E-Business Expo (Hangzhou) China. With cutting-edge interior design, a digital shopping process, and three dedicated areas for livestreaming, food and beverage, and selected quality goods, the Station will become a brand-new future experiential shopping location for consumers. At the Expo, Lianhua Huashang will also display a variety of 'black technologies' such as self-checkout counters, smart shopping carts, QR code-enabled buying and selling, etc.<sup>7</sup>

## Retail Logistics

### CapitaLand enters the Chinese logistics market

On 12 October, CapitaLand Group announced that its subsidiary, CapitaLand China Trust, plans to acquire logistics assets worth 1.683 billion yuan from an unaffiliated third party. These include four high-quality logistics assets located in Shanghai, Kunshan, Wuhan and Chengdu. This marks CapitaLand China Trust's first entry into the Chinese logistics sector. As CapitaLand Group's investment focus shifts to new economy asset classes, it has developed a portfolio consisting of industrial parks, logistics and data centres. With this acquisition, CapitaLand's assets in China will now include nine industrial parks, four logistics locations and one data centre.<sup>8</sup>

## Convenience Stores

### Lawson plans to wholly acquire Sichuan WOWO Convenience Store

On 12 October, Lawson (China) announced its plans to acquire all shares of Sichuan Wowo Supermarket Chain Management Co., Ltd (四川哦哦超市连锁管理有限公司) (WOWO Convenience Store) through its wholly-owned subsidiary Chongqing Lawson. After the transaction is completed, Lawson (China) will have sole control over WOWO. WOWO opened its first store in Chengdu on 21 November 2005, becoming the first 24-hour convenience store in Chengdu. It was acquired by Best Inc. (百世集团) in May 2017.<sup>9</sup>

## Cosmetics

### ByteDance enters the perfume market

ByteDance (字节跳动) recently established its own perfume brand, Emotif. Through tapping into the lifestyle, aesthetics, and consumption habits of the younger generation, the brand hopes to research and develop new-age perfumes that meet their preferences. ByteDance has tapped new consumer markets in recent years, successively launching consumer brands such as tea brand 'Taoyuan Yuye' (桃源玉叶), red wine brand 'Inspiration Code' (灵感代码), and 'Douyin Wenchunag' (抖音文创).<sup>10</sup>

### South Korean skincare brand Mitazis enters the Chinese market

South Korean cosmetics and skincare brand Mitazis recently announced its entry into the Chinese market under the Chinese name 米漾. Established in 2015, Mitazis has R&D centres in Seoul and Tokyo and produces a range of beauty and personal care products (including essences, creams, masks, eye creams, cleansing milk, moisturizers, shampoos, etc.). It is an emerging international cosmetics brand which is popular in South Korea, Japan and Thailand.<sup>11</sup>

## Commercial properties

### The fourth Taikoo Li in China to be located in Liwan District, Guangzhou

The Pearl River Enterprises Group (珠实集团) and Swire Properties (太古地产) have agreed to cooperate on the Julong Bay Pearl River Taikoo Li (太古里) project, which will be located in the Liwan district of Guangzhou. The Julong Bay Area will become a core area for revitalisation of the old city of Guangzhou and a 'Guangzhou West Urban Living Room' that integrates culture, business, and tourism development. In the Chinese Mainland, Swire Properties has six completed mixed-use development projects in Beijing (Taikoo Li Sanlitun 三里屯太古里 and Indigo 颐堤港), Shanghai (HKRI Taikoo Hui 兴业太古汇 and Taikoo Li Qiantan 前滩太古里), Guangzhou (Taikoo Hui 太古汇) and Chengdu (Sino-Ocean Taikoo Li 远洋太古里). Indigo phase two in Beijing is currently under development.<sup>12</sup>

## II. Market Overview

### Accenture: 16% of Chinese companies have achieved remarkable digital transformation

Accenture recently released the *2021 Chinese Enterprise Digital Transformation Index Report*, which shows that the proportion of Chinese companies with remarkable digital transformation achievements ('champions') has risen from 11% last year to 16% this year. This has widened the gap between 'champions' and their competitors in terms of digital capabilities and operational performance. Facing the digital gap, it is time for Chinese companies to accelerate the process of reforming their business, said the report. Furthermore, among the surveyed companies, the revenue growth of 'champions' is 3.7 times that of other companies during 2019-2020, far exceeding the growth rate gap of 1.4 times from 2016 to 2019.<sup>13</sup>

### iiMedia Consulting: Single consumers are driving the 'one-person economy'

iiMedia Consulting (艾媒咨询) recently released the *2021 Single Consumer Behaviour Survey and Single Economy Trend Analysis Report*. According to the report, the single population will likely continue to increase as people's attitudes towards love and marriage change. In 2021, the number of people living alone in China is estimated to exceed 92 million. There are certain differences in the daily consumption pattern between single and non-single groups: Single consumers are more willing to spend on non-essentials or entertainment. In addition, the increase in the single population and people living alone has created a market for one-person living, one-person dining, one-person travel, and one-person entertainment.<sup>14</sup>

## **Retail sales of 100 key large-scale retail enterprises fall by 9.2% yoy during National Day holiday**

According to the China National Commercial Information Center (CNCIC, 中华全国商业信息中心), during 1-7 October 2021, the retail sales of 100 key large-scale retail enterprises (mainly department stores and shopping malls) across the country decreased by 9.2% yoy and by 0.1% compared with the same period in 2019. However, gold, silver and jewellery products were popular this Golden Week, with retail sales increasing by 36.2% yoy. Home appliances also achieved a positive growth of 2.0% yoy, but retail sales of other categories fell short from last year – cosmetics and food fell by 4.3% yoy and 7.6% yoy respectively, while clothing and tobacco and alcohol fell by more than 10% yoy.<sup>15</sup>

## **CBNData: More than 60% of male consumers purchase their own skincare products**

On 13 October, CBNData and Intime Department Store's Gen-Z Research Group (银泰百货 Z 世代研究组) jointly released the *Gen-Z Male Beauty Trend Report*, which shows that the online male beauty market has shown steady growth over the past three years, mainly driven by increases in the number of consumers and average transaction value. Nearly 60% of university students suffer from appearance-related anxiety, and over 60% of men purchase their own skincare products. In terms of geographical distribution, the per capita consumption of 'trendy men' in first and second tier cities has maintained a high growth rate, putting them at the forefront of the male beauty industry.<sup>16</sup>

## **DT Finance, Tmall Black Box: Nearly 90% of consumers purchase new products on a regular basis**

DT Finance (DT 财经) and Tmall Black Box (天猫小黑盒) recently released the *2021 New Product Consumption Survey Report*. According to this report, nearly 90% of consumers purchase new products on a regular basis, with 27.6% of consumers considering this a habit. Among the regular consumers, consumers within these demographics have stronger preferences for new products: living in first- and second-tier cities, earning annual income between 100,000 and 400,000 yuan, post-85s and post-90s, female. Shanghai ranks first in consumption on new products, making it the 'New Product Consumption Capital'.<sup>17</sup>

### **iResearch: Multi-brand cosmetics retail store industry to reach 13 billion by 2023**

iResearch (艾瑞咨询) recently released the *2021 China Multi-brand Cosmetics Retail Store Industry Research Report*. According to the report, the market size of China's multi-brand cosmetics retail store industry reached 41.9 billion yuan in 2020, of which new-format stores accounted for 7.6%. As the new-format multi-brand cosmetics retail store industry develops, its market share is expected to increase to 15.8% in 2023, and its market size is expected to reach 13 billion yuan. Furthermore, the rigid demand for offline channels for cosmetics and the consolidation of the domestic multi-brand cosmetics retail store industry will benefit the industry in the long term. Optimizing product offerings and improving the operating model will be top priorities for the industry in the future.<sup>18</sup>

### **iResearch: Strong domestic maternal and baby brands emerge**

Qinbaobao (亲宝宝) and iResearch (艾瑞咨询) recently released the *White Paper on Marketing Growth of China's New Baby Brands*. The white paper shows that maternal and infant-related companies in China have shown explosive growth over the past three years, with over 900,000 companies as of 31 May. Brand competition is becoming increasingly fierce in various market segments. Although emerging overseas brands gradually enter China, domestic brands are also growing and capturing bigger and bigger market shares in various market segments. In order to ensure success, differentiated online marketing strategies are essential for emerging brands to achieve growth breakthroughs. As parenting apps attract new mothers, they have become an important channel for emerging brands to target new customers.<sup>19</sup>

### III. Policy Spotlight

#### Tianshui Cross-border E-commerce Pilot Zone in Gansu is now operational

The Tianshui Cross-border E-commerce Pilot Zone (天水跨境电子商务综合试验区) in Gansu recently began operating. It has established an online public service platform for the whole range of cross-border e-commerce business, which will open up customs, foreign exchange, taxation, commerce, logistics, and finance and provide comprehensive services for cross-border e-commerce companies across the city. Furthermore, the pilot zone has also issued a number of policy measures such as the implementation plan for the pilot zone, ten measures to support the development of cross-border e-commerce, and the certification methods for cross-border e-commerce talent incubation. These measures are aimed at promoting innovations in the systems, management and services of the pilot zone. Currently the Tianshui Pilot Zone has introduced 27 enterprises from Jiangsu, Shandong, Zhejiang and other provinces, incubated 16 local enterprises for transformation, and achieved a cross-border e-commerce transaction volume of 112 million yuan.<sup>20</sup>

#### NMPA issues China's first regulations for children's cosmetics

The National Medical Products Administration (NMPA) officially issued the *Regulations on the Supervision and Administration of Children's Cosmetics* (儿童化妆品监督管理规定), which will come into effect on 1 January 2022. This is China's first regulatory document specifically for children's cosmetics. According to the regulations, children's cosmetics must be specifically labelled. The document lists clear standards for raw material formulations and efficacy testing methods, and will also address the problem of illegal production of children's cosmetics by unqualified workshops. This will benefit companies that have been producing children's cosmetics in accordance with the law and the long-term development of the industry as a whole.<sup>21</sup>

## References (in Chinese)

- 1 《阿里大文娱旗下另物 KOILAND 全国首店进驻上海世茂广场》，2021 年 10 月 12 日，赢商网  
<http://news.winshang.com/html/069/1523.html>
- 2 《线上超市+社区团购？京东推出“京心”App》，2021 年 10 月 5 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475388.shtml>
- 3 《支付宝与云闪付扫码互认 首批覆盖 85%淘宝商家》，2021 年 10 月 2 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475349.shtml>
- 4 《双 11 前淘宝上线“长辈模式”：字大、简单》，2021 年 10 月 12 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475706.shtml>
- 5 《京东发布小时购业务 全面发力即时零售》，2021 年 10 月 12 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475724.shtml>
- 6 《阿里研究院：2021 年全国淘宝村数量已突破 7000 个》，2021 年 10 月 12 日，亿邦动力网  
<https://www.ebrun.com/ebrungo/zb/455912.shtml>
- 7 《世纪联华鲸选宇宙空间站首店亮相，打造未来超新零售体验》，2021 年 10 月 12 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475692.shtml>
- 8 《凯德进军中国物流市场 16.834 亿收购四个资产》，2021 年 10 月 12 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475710.shtml>
- 9 《罗森拟全资收购四川 WOWO 便利店》，2021 年 10 月 12 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475713.shtml>
- 10 《字节跳动又出手了一个千亿级的赛道》，2021 年 10 月 9 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475531.shtml>
- 11 《韩国护肤品牌米漾进入中国市场 韩妆还有机会吗？》，2021 年 10 月 11 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475623.shtml>
- 12 《全国第四座太古里有望落户广州荔湾》，2021 年 10 月 8 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475472.shtml>
- 13 《可持续发展进行时：跨越数字化分水岭》，2021 年 9 月 23 日，埃森哲  
<https://www.accenture.cn/cn-zh/insights/artificial-intelligence/digital-transformation-index-2021>
- 14 《2021 年中国单身群体生活消费领域调研分析》，2021 年 6 月 11 日，艾媒咨询  
<https://www.iimedia.cn/c1020/79159.html>
- 15 《十一黄金周全国百家重点大型零售企业零售额同比下降 9.2%》，2021 年 10 月 9 日，赢商网  
<http://news.winshang.com/html/069/1377.html>
- 16 《超六成男性为自己买护肤品，美颜经济呈现出三大消费新趋势》，2021 年 10 月 14 日，赢商网  
<http://news.winshang.com/html/069/1630.html>
- 17 《2021 新品消费调查报告：人们会为了哪些关键词下单新品？》，2021 年 10 月 11 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475634.shtml>
- 18 《2021 年中国美妆集合店行业研究报告》，2021 年 9 月 30 日，艾瑞咨询  
<https://www.iiresearch.com.cn/Detail/report?id=3850&isfree=0>

<sup>19</sup> 《2021 年中国婴童新锐品牌营销增长白皮书》，2021 年 10 月 12 日，艾瑞咨询  
<https://www.iresearch.com.cn/Detail/report?id=3858&isfree=0>

<sup>20</sup> 《中国（天水）跨境电子商务综合试验区正式启动运营》，2021 年 10 月 8 日，亿邦动力网  
<https://www.ebrun.com/ebrungo/zb/455350.shtml>

<sup>21</sup> 《我国首个儿童化妆品监管法规出台 国产品牌迎逆袭机会》，2021 年 10 月 11 日，联商网  
<http://www.linkshop.com.cn/web/archives/2021/475656.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](http://www.funggroup.com).

© Copyright 2021 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.