

# 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>



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# I. Sector Review

## Internet & E-commerce

### Kuaishou 2024 Mid-Autumn data: Catering GMV up by 181% yoy

Kuaishou (快手) recently released a report on group buying during the 2024 Mid-Autumn Festival. During this year's Mid-Autumn Festival, the hotel and travel category GMV increased by over 73%, and the catering category GMV increased by over 181%. The rapid growth is due to an increasing number of merchants in Kuaishou's local life category. The number of active merchants during the festival increased by over 138% yoy. On the other hand, the platform has tapped into the consumption vitality of 700 million loyal users. The average daily number of paying users increased by 141% yoy, the number of new customers of brand merchants increased by 66% yoy, and the GMV of emerging cities increased by over 311% yoy.<sup>1</sup>

### Kuaishou and JD.com launch 11.11 merchant conference

Kuaishou (快手) recently held the 2024 11.11 merchant conference and officially launched its business recruitment. This 11.11 period, Kuaishou E-commerce will provide 20 billion yuan of traffic subsidies, two billion yuan of user red envelopes, and one billion yuan of commodity subsidies. Furthermore, JD.com's (京东) 11.11 merchant ecosystem partner conference was recently held in Beijing. JD.com will bring one hundred billion of new traffic to merchants, one billion yuan in livestream subsidies, and hundreds of millions in advertising rewards. JD.com will also provide support for merchants in terms of training, finance, logistics, insurance, etc., reducing the barriers to entry and increasing revenue for merchants.<sup>2</sup>

### Pinduoduo establishes two new information technology companies

Shanghai Xunhui Information Technology Co. Ltd and Shanghai Xunhe Information Technology Co. Ltd were recently established. Each company's registered capital is 10 million yuan. The companies' business scope includes data processing services, enterprise management consulting, computer software and hardware and auxiliary equipment retail, as well as retail sales of apparel, toys, household goods, etc. Shareholder information shows that the two companies are wholly owned by Hangzhou Weimi Network Technology Co. Ltd, a subsidiary of Pinduoduo (拼多多).<sup>3</sup>

### **Taobao Apparel hosts 11.11 product selection fair**

Taobao Apparel (淘宝服饰) recently hosted a 11.11 selection fair, aiming to match high-quality merchants with Taobao Apparel livestream hosts in preparation for the upcoming autumn/winter season as well as the 11.11 promotional event. Nearly 200 merchants and more than 50 live broadcasters from across the country attended the fair, where Taobao also shared its latest livestream subsidy policies. The maximum red envelope subsidy for livestream hosts can reach 1.5 million yuan, and the highest single-session red envelope subsidy for origin-traceable livestream hosts can reach 120,000 yuan.<sup>4</sup>

### **JD.com's low-cost shopping channel Jingxi exceeds 100 million fans**

JD.com (京东) recently announced that its low-cost shopping channel Jingxi has exceeded 100 million fans. In May this year, Jingxi announced a comprehensive brand upgrade, including renaming the channel 'Jingxi Self-Operation' (京喜自营) and launching a whole custodian model. As of the beginning of July, the Jingxi team had expanded to more than 200 people, mainly composed of three major divisions: procurement and sales, marketing, and quality control; more than two-thirds are in the procurement and sales division. The team is expected to reach more than 800 people by the end of the year. There are dozens of core industries in Jingxi Self-Operation core categories and it sells more than one million products per month in the categories of tissue paper, earphones, underwear, and fruits. By the end of this year, it expects to have over 10,000 stable factory partners.<sup>5</sup>

## **Supermarkets & Hypermarkets**

### **JD Supermarket launches plan to support 100 new personal care brands, products and merchants**

JD Supermarket (京东超市) recently announced that it has launched a three-year plan for personal care products, which includes supporting 100 new brands in the next three years, creating 100 influential products every year, and helping 100 emerging merchants further develop. A JD Supermarket representative said that personal care products are one of the company's strategic categories; it will focus on the three major directions of 'good products, good marketing, and good services', invest more resources, and help brands accumulate users and enhance brand value through supply chain and technical resources as well as various subsidies.<sup>6</sup>

## 50<sup>th</sup> Sam's Club in China to open in Dongguan

A new Sam's Club will open in Dongguan on 18 October, which is also the company's 50th location nationwide. The new store reportedly only took one and a half years to complete from the initial signing in August 2022. It covers an area of more than 23,000 sqm and has a total of 1,097 parking spaces. It was originally planned to be completed in December 2024 and put into operation in 2025, meaning that it is opening ahead of schedule. At present, Sam's Club has covered over 20 major cities in China, with a total of 49 stores.<sup>7</sup>

## Outlets

### JD.com partners with Heilan Group to open its first offline outlet store in Jiangyin

JD.com (京东) recently established a strategic partnership with Heilan Group (海澜集团) to jointly conduct outlet business operations. The first JD.com offline outlet store will be opened at Heilan Pegasus Water City in Wuxi, Jiangsu, while also launching on JD.com. Within this partnership, the two parties will simultaneously build online and offline sales channels on the basis of supply chain integration to provide consumers with affordable and convenient shopping options, covering branded products across various categories such as light luxury, sports, shoes and boots. In the future, the two parties plan to open JD.com offline outlet stores across the country to offer low-priced, big-name products in omni-channel scenarios.<sup>8</sup>

## Home Appliances

### Suning.com to launch 11.11 promotion on 17 October

Suning.com (苏宁易购) recently held the 2024 11.11 Merchant Conference and announced its promotional strategy for the upcoming event, which will be launched on 17 October and help merchants achieve new growth through increased subsidies, livestream support and operational upgrades while improving the consumer experience by increasing product strength, cost effectiveness and customer services. Suning.com also increased its support for the '10 billion yuan subsidies' special event, offering measures such as full subsidy, commission reduction and fee reduction. In terms of products, Suning.com aims to create 100 best-selling items, and hopes that many categories will be offered at the 'lowest price of the year'.<sup>9</sup>

## Food & Beverage

### Yum China's supply chain management centre becomes fully operational

Yum China (百胜中国) recently announced the completion and full operation of its largest self-built supply chain management centre in Jiading District, Shanghai. The centre took two years and three months to complete, covering an area of 61,000 sqm. The project incorporates cutting-edge technologies such as automated logistics, ASRS equipment, and rooftop distributed photovoltaics, aiming to create a smart, efficient and environment-friendly flagship supply chain operations centre. As of August 2024, Yum China had 33 logistics centres nationwide, with distribution covering more than 1,700 towns across the country.<sup>10</sup>

### Domino's China's 1H24 revenue up goes by 48.3% yoy

Domino's China recently released its 2024 interim report. In the first half of 2024, the company's total revenue reached 2.04 billion yuan, a year-on-year increase of 48.3%. Furthermore, the contribution of new growth markets in terms of revenue exceeded 50%. At present, the company has received a large number of store opening requests from consumers all over the country, and will continue to look for opportunities in Shanghai and Beijing while continuing to explore new markets. The company is on track for the full year target of 240 new stores in 2024 and aims to open another 300 to 350 stores each year in 2025 and 2026.<sup>11</sup>



## 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.

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