

China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Dingdong Maicai plans to expand its premade food business to 5 billion yuan

Dingdong Maicai (叮咚买菜) recently held the '2023 Fresh Food Industry Supplier Summit', where it announced its plans to further develop healthy premade food items. The company plans to grow its premade food business to 5 billion yuan, and it will recruit new industry partners across the supply chain to develop more standardized premade food items. Reportedly, the company will launch five premade food product lines this year: low and no oil, low sodium, low calorie, no additive, and low carbon/low-glycaemic index.¹

Pinduoduo launches five measures to support 'digital agriculture'

Pinduoduo (拼多多) announced the launch of the 'Agricultural Cloud Campaign', which will support 100 agricultural belts across the country in adopting cloud technology and accelerating the integration between digital and physical operations. The campaign proposes five key measures: maintaining 'zero commission'; investing in high-quality resources; connecting local supply chains to the cloud and helping outstanding new farmers; providing full-chain services for agricultural products to sell online; and building 100 regional and national brands of agricultural specialties through ongoing exposure, fresh agricultural product events and omni-channel promotion. Pinduoduo will begin its digital agriculture campaign in several regions: Kunming in Yunnan, Nanning in Guangxi, Xiapu in Fujian, and Weifang and Shouguang in Shandong.²

Douyin E-commerce allows personal shops from March

In order to lower the entry barriers for opening a store and increase merchant support across the platform, Douyin E-commerce (抖音电商) has allowed personal shops on its platform from March 2023 onwards. Users simply need to verify their identity in order to register as a merchant on Douyin E-commerce for free, and they can begin selling within an hour.³

Tmall begins ‘new product month’ in March with product launches up by 400% yoy

Tmall (天猫) officially launched its ‘new product month’ in March. As Alibaba Group’s product launch incubator, Tmall Hey Box (天猫小黑盒) saw a 400% yoy jump in the number of product launches scheduled for the month – the highest in three years. Renowned international brands such as La Mer, McDonald’s, Intel, Ecovacs, Radiance, Panasonic, Theory, etc. have all participated in the event. Camping and related consumption trends, such as hiking clothing, light sports equipment, and sun protection, have become increasingly popular. At the same time, many emerging consumption categories such as healing and comfort, male skincare, healthy drinks, designer toys co-branded by artists, smart pet items, and smart technology will introduce a large number of new products in March.⁴

JD.com applies for trademark registration of ChatJD

A subsidiary of JD.com (京东) recently registered the ‘ChatJD’ trademark. The trademark classification involves website services, communication services, and scientific equipment. Previously, on 10 February, JD Cloud’s Yanxi AI platform announced its plans to launch ChatJD as the industrial version of ChatGPT focused on the vertical industrial fields of retail and finance.⁵

Bilibili’s net revenue reaches 6.1 billion yuan in 4Q22

Video platform Bilibili (哔哩哔哩) recently announced its financial results for 4Q22. During this period, the company’s net revenue reached 6.1 billion yuan, up 6% yoy. The company’s loss decreased by 29% yoy to 1.5 billion yuan in the quarter, but still resulting in a 10% larger annual loss of 7.5 billion yuan for 2022 compared to 6.8 billion in 2021.⁶

Ocean Engine to support small and medium sized businesses during Douyin’s 3.8 shopping event

Ocean Engine (巨量引擎), a digital marketing platform owned by ByteDance (字节跳动), has created a special session for small and medium-sized businesses during Douyin’s (抖音) 3.8 Shopping Festival. During the official festival (1-8 March) and the encore period (9-12 March), it will help small and medium-sized businesses reach high-potential user groups, and pre-emptively plan for a new growth phase. During last year’s 3.8 Shopping Festival period, the average GMV of women-related consumption increased by more than 40% compared with before the festival.⁷

Supermarkets & Hypermarkets

Freshippo to relocate its first store in Shandong

The Freshippo (盒马鲜生) store in Qingdao's Damuzhi Square recently announced that its physical store will be closed after 28 February for business adjustments – online operations will not be affected. According to the store manager, the current store's hardware facilities can no longer meet the business' needs, and a new location will be operational within this year. Freshippo's store requirements include at least a usable area of 4,000 sqm as well as water supply and sewage and ventilation systems.⁸

Apparel

UNIQLO plans nearly 40 new stores in 20 provinces over the spring and summer

UNIQLO recently held its SS23 product launch conference at its global flagship store in Shanghai, announcing new spring and summer products as well as its first UT comic exhibition and other immersive experiences. The company continues to expand in the Chinese market, with plans to open nearly 40 new stores over spring and summer this year, covering 20 provinces and municipalities including Sichuan and Hubei. UNIQLO has also continued to upgrade its sun protective product line with new dresses, shirts, cardigans, breathable tops, quick-dry clothing, children's items, etc.⁹

Cosmetics

L'Oreal invests 130 million yuan to set up a new supply chain management company

L'Oreal China recently established a new company called Nantong L'Oreal Supply Chain Management Co., Ltd with a registered capital of 130 million yuan. Its business scope includes road cargo transportation, supply chain management services, non-residential real estate leasing, general cargo warehousing, cargo packaging, loading and unloading, packaging services, etc. Nantong L'Oreal Supply Chain Management is wholly owned by L'Oreal China. L'Oreal China was established in September 2000 with a registered capital of US\$58 million. Since its establishment, the company has invested in nine companies in Jiangsu, Shanghai, Hubei, and Guangdong.¹⁰

Consumer Electronics & Electrical Appliances

GOME ruled as a judgment debtor for 30.2 million yuan

According to the Supreme People's Court website, GOME Electrical Appliances (国美电器) has been ruled as a judgment debtor for 30.2 million yuan by the People's Court of Jinshui District, Zhengzhou, on 24 February. To date, GOME has been ruled as a judgment debtor in 15 court orders for a sum of more than 460 million yuan.¹¹

Home Products

MINISO's net profit up 126.9% yoy to 764 million yuan in the first half of fiscal 2023

On 28 February, MINISO (名创优品) announced its interim financial results for the six months ended 31 December 2022. During this period, MINISO achieved revenue of 5.267 billion yuan, a year-on-year decrease of 2.9%; gross profit of 1.986 billion yuan, a year-on-year increase of 24.8%; and operating profit of 957 million yuan, a year-on-year increase of 104.1%. Net profit attributable to shareholders reached 764 million yuan, up 126.9% yoy. The company's overseas revenue reached 987 million yuan in the December quarter, accounting for 40% of the total revenue. Among the markets, North America achieved the best performance, with a year-on-year growth of 66%. As of 31 December 2022, MINISO had a total of 5,440 stores, including 3,325 stores in China, a net increase of 157 yoy, and 2,115 overseas stores, a net increase of 238 yoy.¹²

II. Market Overview

China's second-hand goods transactions to exceed 3 trillion yuan by 2025

The *China Second-hand Trading Carbon Emission Reduction Report 2021*, jointly published by Tsinghua University's Institute of Energy, Environment and Economy and other institutions, shows that in 2020, the domestic second-hand consumer market exceeded one trillion yuan, and the domestic second-hand mobile phone transaction volume reached 152 million units. The report predicts that by 2025, the transaction volume of second-hand goods will exceed 3 trillion yuan.¹³

China's clothing exports maintain growth in 2022

China's knitted and woven garment exports showed a decrease in volume and an increase in price in 2022. During the year, China's knitwear exports reached US\$78.56 billion, a year-on-year increase of 4.4%; the export volume reached 21.5 billion pieces, a year-on-year decrease of 2.3%, while the export price increased by 7% yoy. The export value of China's woven garments was US\$74.15 billion, a year-on-year increase of 9.5%; the export volume was 12.8 billion pieces, a year-on-year decrease of 3.4%, while the export price increased by 13.3% yoy. The export value of clothing accessories was US\$16.63 billion, a year-on-year increase of 12.5%.¹⁴

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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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