

China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Taobao will provide standalone in-store shopping carts for the first time

On November 23, Taobao (淘宝) recently announced that it will provide a standalone shopping cart in individual stores for the first time. Xiang Qiu, head of Taobao and Tmall merchant business, said, 'In the future, buyers can pay directly within the store that they are browsing, meaning that merchants do not have to worry about traffic leaving their stores during the payment process. After they finish shopping, users can continue to browse the store, share content or watch livestreams.'¹

Pinduoduo's 3Q23 revenue goes up 94% yoy to 68.84 billion yuan

Pinduoduo (拼多多) recently announced its financial results for the third quarter of 2023. During this period, the company's total revenue reached 68.84 billion yuan, an increase of 94% yoy; net income attributable to ordinary shareholders was 15.54 billion yuan, an increase of 47% yoy. Revenue from online marketing services and others was 39.67 billion yuan, an increase of 39% yoy; revenue from transaction services was 29.15 billion yuan, an increase of 315% yoy.²

Meituan's 3Q23 revenue increases by 22% yoy to 76.5 billion yuan

Meituan (美团) recently announced its financial results for the third quarter of 2023. During this period, the company's total revenue reached 76.5 billion yuan, with revenue from core local commerce, including food delivery and Meituan Instashopping, rising 24.5% yoy to 57.69 billion yuan. Revenue from new business in this quarter was 18.8 billion yuan, an increase of 15.3% yoy. However, Meituan said it expects revenue growth for its core food delivery business to slow in the fourth quarter due to the current macro environment as well as warmer-than-usual weather this winter, but it added that the company will increase its marketing efforts to stimulate demand.³

Zhihu's 3Q23 adjusted net loss narrows by 10.1% yoy to 225.3 million yuan

Zhihu (知乎) recently announced its financial results for the third quarter of 2023. During this period, the company's total revenue was 1.0222 billion yuan, an increase of 12.1% yoy. Adjusted net loss was 225.3 million yuan, narrowing by 10.1% yoy. Average monthly subscribing members reached 14.8 million, representing a 35.9% yoy increase, while average monthly active users (MAUs) reached 110.5 million.⁴

Meituan Maicai upgrades to Xiaoxiang Supermarket on 1 December

Meituan's (美团) self-operated front-end warehouse business, Meituan Maicai (美团买菜), has been upgraded to Xiaoxiang Supermarket (小象超市) since 1 December. The store will be accessible through Xiaoxiang Supermarket App, the Meituan App, and the Xiaoxiang Supermarket WeChat mini program. This move suggests that Meituan Maicai will expand beyond its 'fresh food' positioning and begin to move towards the full range of household cleaning products, personal care and beauty, and alcoholic and non-alcoholic beverages.⁵

Taobao livestreaming helps industry belts create 100,000 job opportunities in six months

The World Livestreaming E-Commerce Conference was held in Hangzhou on 26 November. At the conference, the *Taobao Livestreaming Industry Belt Social Value Research Report 2023* was released. According to the report, Taobao Live (淘宝直播), an emerging force within the livestreaming industry, helps small and medium-sized businesses within industry belts to address their development problems. After half a year of development, Taobao Live has incubated 10,000 merchants in industry belts from scratch. As of November, the number of merchants with over 500,000 transactions had exceeded 3,000. In just six months, Taobao Live has created at least 100,000 entrepreneurial and job opportunities.⁶

Department Stores & Shopping Malls

The first phase of Beijing Wangfujing UP TOWN Outlet to open on 22 December

Wangfujing Group (王府井集团) recently announced that the first phase of Beijing Wangfujing UP TOWN Outlet will open on 22 December. UP TOWN will be a one-stop commercial complex built around the outlet, integrating popular activities, catering, and family experiences. Currently, more than 200 brands have been signed to the store, including Nike, FILA, Skechers and Anta. In terms of catering, it will introduce many casual F&B brands such as Starbucks, Naixue (奈雪), Heytea (喜茶), KFC, Pizza Hut and Tim's; the dining area on the fourth floor will include well-known brands such as Qingnian Restaurant (青年餐厅), Xibei (西贝) and Haidilao (海底捞).⁷

Apparel

Bosideng sees profit rise 25% in the first six months of fiscal 2023/24

Down jacket brand Bosideng (波司登) recently announced its financial results for the six months leading up to September 2023 (the first half of its fiscal 2023/24). Sales increased by 20.9% yoy to 7.5 billion yuan, while profit increased by 25.1% yoy to 918.6 million yuan. Bosideng-brand sales rose by 66% yoy to 4.9 billion yuan. Business grew in the period even as the company reduced the net number of regular down apparel retail stores by 110 to 3,313 as of 30 September compared with March.⁸

Luxury

Burberry China launches hot water bottle for 3,300 yuan

Burberry China's official website recently began selling hot water bottles as part of the brand's AW23 collection. The bottles are printed with the Burberry EKD logo, as well as a Norwegian woven wool cover. They are available in several colours and patterns, and sell for 3,300 yuan each.⁹

LVMH Group and SF Express establish low-carbon strategic partnership

SF Express (顺丰) and Louis Vuitton recently signed a letter of intent for a low-carbon service agreement. In addition, the service agreement also includes tailored strategies to improve the climate resilience of sustainable supply chains. The main measures for carbon reduction are to increase the proportion of sustainable aviation fuel by optimizing transportation capacity structure. By 2030, all land-based Louis Vuitton logistics routes served by SF Express will use 100% non-petroleum-based fuels.¹⁰

Food & Beverage

ChaPanda now operates over 8,000 stores nationwide

As of 23 November, the number of ChaPanda (茶百道) stores nationwide had exceeded 8,000, up from over 6,000 at the beginning of the year. The brand has been developing rapidly this year – in June, it officially completed its first round of financing with a valuation of about 18 billion yuan, and it raised around one billion yuan. In August, it submitted an IPO application to the Hong Kong Stock Exchange. Founded in Chengdu, Sichuan in 2008, the company recently changed its English name from ChaBaiDao to ChaPanda and rebranded to a simple white colour scheme.¹¹

II. Market Overview

CFLP: Social logistics nationwide up 4.9% yoy to 278.3 trillion yuan between January and October

The China Federation of Logistics and Purchasing (CFLP) recently released logistics operation data from January to October this year. From January to October, the total volume of social logistics nationwide was 278.3 trillion yuan, a year-on-year increase of 4.9%, and the growth rate was 0.1 percentage point higher than that of January to September. The growth rate in October was 5.1%, 0.3 percentage points higher than that in September. Judging from recent trends, the growth rate of total social logistics has been picking up month by month.¹²

Youzan Pioneer Report 2023 sheds light on consumption trends

At Youzan's (有赞) Smart Operations Conference on 27 November, it released the *Pioneer Report 2023* based on a summary of best practices with merchants in the past year. According to the report, in the post-pandemic era, lifestyle consumption continues to grow, meaning that brands need to provide consumers with healthy living solutions and try to form a community. When consumption growth slows down, there is a greater need for 'rational and cost-effective' products, as consumer demand is more rational and conservative. At the brand marketing level, many brands have begun to use multi-channel content marketing to improve sales conversion rate and repurchase rate through private domain operations.¹³

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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.

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Fung Business Intelligence was established in the year 2000.

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