# China Retail & E-commerce Weekly Update




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# I. Sector Review

## Internet & E-commerce

**Taobao and Tmall see explosive sales during first phase of 11.11 period**

The first phase of the 11.11 e-commerce promotional period ended in late October. Thanks to Tmall's (天猫) ongoing investment in various subsidies and the implementation of a new product strategy, clothing brands saw explosive growth in transactions on the platform. In the first phase of 11.11, Taobao and Tmall was the market leader and accounted for 50.7% of the sales of clothing, while Douyin (抖音) accounted for 36.1% and JD.com (京东) accounted for 13.2%.[1]

**Kuaishou fresh food e-commerce: 6,300 merchants' GMV increase by over 100% yoy in the first week of 11.11 promotional period**

During the first week of the 11.11 promotional period this year, the number of active merchants in the fresh food category of Kuaishou's (快手) e-commerce platform increased by 23% yoy, of which 6,326 merchants had GMV growth of more than 100% yoy, and 648 merchants had number of orders exceeding one million. During the period, many bestselling products emerged within the category – 106 products' GMV exceeded one million yuan. On the first day of Kuaishou's 11.11 Shopping Festival, the top three categories were women's clothing, home life, and fresh food in terms of the number of overall paying users. Overall, fresh food products have a high consumption frequency, a strong stockpiling mentality, and a large market demand.[2]

## Department Stores & Shopping Malls

**Bailian Group to participate in the 2024 CIIE**

As preparations for the 7th China International Import Expo (CIIE), Bailian Group (百联集团) is focusing on the comprehensive integration of business and exhibitions, art, fashion, cities, lifestyle and services, and presenting a panoramic view of the efforts and achievements of its development in 2024. According to incomplete statistics, in the first six CIIEs, companies under Bailian Group signed a total of 112 purchase orders with imported brands with a total value of US$761 million, and the contract amount has increased year by year.[3]

## Supermarkets & Hypermarkets

**Pangdonglai's revenue is expected to exceed 15 billion yuan this year**

At a recent press conference held by the Provincial Party Committee Publicity Department of Henan, Pangdonglai (胖东来), which operates a chain of malls and supermarkets, was praised for its remarkable growth over the past 20 years, going from a small tobacco and alcohol store to a major player in the Chinese supermarket industry. Pangdonglai was listed on the CCFA's 2023 China Supermarket Chain TOP100 list for the first time, achieving sales of 4.6 billion yuan with only 12 supermarkets, and the average sales of a supermarket store reached 383 million yuan, which was much higher than that of competitors like Yonghui (永辉) and RT-MART (大润发). On 23 April, Yu Donglai, the company's founder, stated that Pangdonglai Group originally expected to have a net income of 20 million yuan last year, but achieved a net income of 140 million yuan instead, reaching 700% of its target. Meanwhile, group revenue was 10.7 billion yuan in 2023 and is projected to increase by 40% yoy to exceed 15 billion yuan this year.[4]

## Retail Logistics

**Cainiao fully integrates into JD.com**

Following the integration of JD Logistics (京东物流) into Taobao and Tmall (淘宝天猫), Cainiao (菜鸟) has also recently fully integrated into the JD.com (京东) platform to provide global express delivery and supply chain services for merchants and consumers. The integration includes Cainiao's self-operated express delivery – Cainiao Express, as well as its large home appliance supply chain and other services. After the integration, JD.com users can use the door-to-door delivery, half-day delivery, next-day delivery and 2-hour door-to-door pickup services offered by Cainiao Express. Starting from November, JD.com users can also use Cainiao's delivery and installation integration, as well as trade-in collection and delivery services for large items such as home appliances.[5]

# Apparel

### Peacebird's losses exceed 70 million yuan in 3Q24

Peacebird (太平鸟) recently released its financial results for the first three quarters of 2024. After its performance declined across the board in the first half of the year, Peacebird's performance fell further in the third quarter. From January to September, its revenue exceeded 4.54 billion yuan, a year-on-year decrease of 13.05%; net profit reached 107.8 million yuan, a year-on-year decrease of 48.55%. Net loss excluding non-recurring items was 9.776 million yuan, while net profit excluding non-recurring items for the first half of the year was 65 million yuan, meaning that Peacebird lost nearly 75 million yuan in the third quarter. After 317 stores were closed in the first half of the year, another 257 stores were closed in the third quarter. Behind the poor performance is the closure of many stores and the shrinking sales of various brands, highlighting obstacles in the company's transformation process.[6]

# Cosmetics

### Benefit returns to China

Benefit recently announced its return to the Chinese e-commerce market. On 28 October, the American beauty label posted an official announcement on its WeChat (微信) account entitled 'Cherish the Beauty, Benefit Returns', revealing the relaunch of its Tmall (天猫) overseas flagship store in China. In January this year, Benefit pulled out of major e-commerce platforms, including Tmall, JD.com (京东), and Douyin (抖音), citing a readjustment of its development focus in the Chinese mainland market. The brand continues to maintain its presence in the Chinese market through multi-band retailer Sephora. However, the store's sparse followers and low sales underscore a potentially challenging re-entry. Furthermore, compared with the brand's international website, its Tmall store only offers a limited selection of popular items.[7]

### L'Oréal to accelerate expansion in China

L'Oréal recently released its latest financial report. In the first three quarters of this year, sales in the Chinese market fell by a low single digit year-on-year. Although the travel retail business resumed growth in the third quarter, its performance in Hainan is still under pressure. At the recent 2024 World Laureates Forum, Lan Zhenzhen, president of L'Oréal North Asia and China public Affairs, said that the company will focus on Generation-Z and boomers (elderly consumers) in the Chinese market in the future.[8]

# Home Goods

**MINISO plans to help 100 Chinese IPs go global**

MINISO (名创优品) recently held its 2024 Global Brand Strategic Upgrade Results Launch Conference in Shanghai. At the conference, the company announced its vision to become the world's leading IP design retail group, and it aims to support 100 Chinese IPs to go global and reach a worldwide consumer base. This conference marks MINISO's first public discussion of its global retail transformation and development. At present, the number of registered MINISO members in major markets worldwide has exceeded 100 million. In China, the number of WeChat-based private domain users has exceeded 47 million, and the number of overseas members has increased by 63% since the start of 2024.[9]

**MINISO announces plans for seven store formats including 300 MINISO Land stores worldwide**

MINISO (名创优品) said it plans to open 100 MINISO Land shops in China and 300 overseas after solid sales at its first amusement park-style store in Shanghai. Shanghai MINISO Land, situated on the city's bustling Nanjing Road shopping street, had sales of nearly 10 million yuan in its trial debut month before officially opening on 27 October. Furthermore, MINISO has developed seven store formats, each tailored to different cities and commercial areas. MINISO Land outlets will be opened in cities, themed and sub-main stores in regional-level markets, and regular shops in community-level business districts. In terms of product offerings, MINISO Land carries 70%-80% of IP products; the rest is made up of first-release products, global limited blind boxes, ACGN (Animation, Comic, Game, Novel) products, pet care items, etc.[10]

# Food & Beverage

**Tims China opens its 1,000th store in China**

Tims recently opened its 1,000th China store in Shanghai. The store is in Huiyin Building in Nanjing West Road Business District. At the opening ceremony, Tims China CEO Lu Yongchen announced the brand's new proposition for fresh, tasty and healthy food. In the future, Tims will continue to focus on consumers' health demands, and provide more healthy choices for 'coffee + warm food'. Lu also said that the proportion of orders with food purchases reached 51.9% in the second quarter of 2024.[11]

**Luckin Coffee's total revenue and net profit both hit record highs in 3Q24**

On 30 October, Luckin Coffee (瑞幸咖啡) released its financial results for the third quarter of 2024. During this period, the company saw record highs in terms of total revenue, net profit, average monthly number of paying customers, etc. Total revenue reached 10.181 billion yuan, exceeding the 10-billion-yuan mark for the first time; net profit reached 1.303 billion yuan, a record high and a year-on-year increase of 31.8%. During the third quarter, Luckin also reported 1382 net store openings, taking the chain's store count to 21,343 including 13,936 self-operated stores and 7,407 partnership stores.[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.

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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