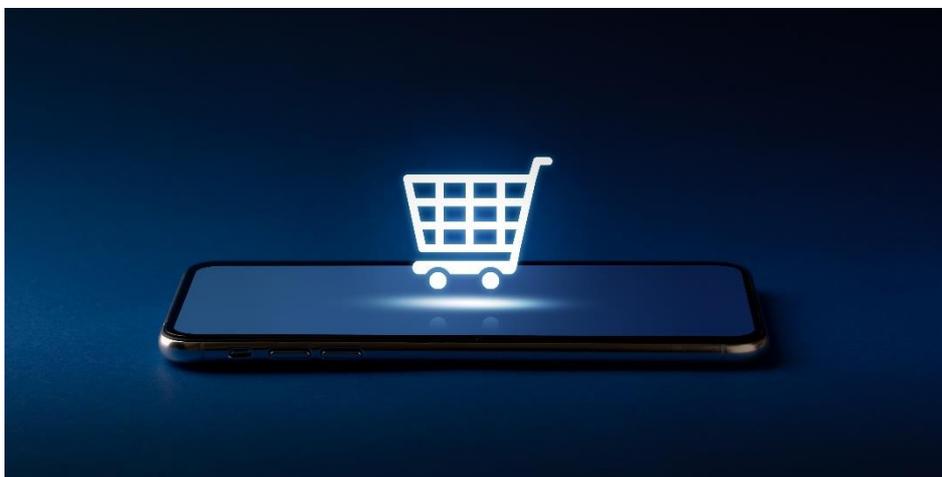


# China Retail & E-commerce Weekly Update



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## I. Sector Review

### Internet & E-commerce

#### East Buy plans to open offline member shop to build brand loyalty after star anchor Dong Yuhui's departure

On 25 July, East Buy (东方甄选) announced the departure of star anchor Dong Yuhui, to whom it will sell the live streaming company 'Time with Yuhui for more than 76 million yuan. At a telephone conference for shareholders held on 26 July, Yu Minhong, the founder of New Oriental (新东方) and CEO of East Buy, said that he hopes to leverage the 800 New Oriental's teaching locations to develop offline members' stores to improve branding and build customer loyalty. He also revealed that the company plans to develop more self-operated products, including high-quality local products, while adding more domestic and foreign products.<sup>1</sup>

#### KeeTa looks to expand convenience store deliveries as 7-Eleven joins the platform

Meituan's (美团) Hong Kong subsidiary KeeTa is attempting to lure more convenience stores like 7-Eleven to join its delivery platform in Hong Kong as the firm looks to add more merchants and categories as part of its expansion efforts. 7-Eleven, which joined KeeTa on 19 July, currently only offers a range of hot food, snacks, and beverages while excluding non-food items for KeeTa delivery. KeeTa became Hong Kong's largest food delivery player by order volume in the first quarter this year. While the platform continues to partner with more merchants in Hong Kong, it is also seeking to expand its product categories.<sup>2</sup>

#### Douyin E-commerce monthly merchant retention remains steady at 80% in 1H24

Douyin E-commerce's (抖音电商) monthly retention rate of merchants in the first half of this year reached about 80%, staying flat compared with early 2024. Douyin E-commerce has reportedly continued to improve its subsidies and the after-sales user experience while cracking down on counterfeit goods in the first half of this year. In the second half of the year, Douyin E-commerce will continue to expand investment promotion and support the development of small and medium-sized merchants to attract more sellers to join the platform.<sup>3</sup>

### **Douyin E-commerce launches romantic Qixi promotion event**

Douyin E-commerce (抖音电商) recently launched the 'Douyin Mall Qixi' (Chinese Valentine's Day) promotion on 3 August, offering a 15% discount on single items and adding new value-for-money products through multiple channels such as online storefronts and livestreams, covering diverse gift categories such as beauty, jewellery, flowers, clothing and bags, small home appliances and food complements. The event will last for eight days, ending on 10 August.<sup>4</sup>

### **TikTok launches new app centre for business users**

TikTok, the international version of Douyin, recently launched the TikTok App Centre to help support small and medium-sized businesses on the platform. The centre offers third-party tools to streamline advertising from ideation to reporting. It provides solutions for campaign management, creative production, and more, integrating into TikTok's ecosystem. The apps are lightweight, designed for ease of use, scalability, and accessibility, with a flexible pricing structure including free trials. This move marks TikTok's further support for small and medium-sized businesses, helping them to build brand influence on a platform with about one billion active users.<sup>5</sup>

### **JD Cloud releases several large language AI applications**

JD Cloud Summit was held in Shanghai on 30 July. At the conference, JD Cloud (京东云) demonstrated the technological capabilities and real-life applications of the Yanxi (言犀) large language AI model. The major platforms and products include the corporate large language AI model service, the Yanxi smart platform, the intelligent programming assistant JoyCoder, and the Yanxi digital human 3.0. JD Cloud will continue to refine its large AI application into products and services for its customers.<sup>6</sup>

### **Vipshop Releases 2023 ESG Report**

Vipshop (唯品会) recently released its *2023 Environmental, Social, and Governance (ESG) Report*. Vipshop took steps in 2023 to foster a low-carbon future, meet consumers' expectations for quality life, cultivate a diverse, equitable and inclusive talent ecosystem, and contribute to public welfare initiatives. In 2023, Vipshop continued to prioritize its energy conservation and carbon reduction initiatives, progressing toward its goal to achieve carbon neutrality in its own operations and a 50% reduction in Scope 3 carbon emission intensity, no later than 2030. In its operations, Vipshop pursued emission reduction through a series of carbon mitigation measures, including photovoltaic (PV) power generation, the use of green electricity, and energy-efficient renovations.<sup>7</sup>

## Retail Logistics

### SF Express' 'half-day intra-city delivery' now covers over 270 cities across the country

Since last year, SF Express (顺丰) has built a multi-level high-speed service capability of one-hour delivery, half-day delivery, same-day delivery and next-day delivery, improving its service network and product system and helping customers build an effective local network for express delivery. Company data show that SF Express' one-hour intra-city delivery service now covers more than 300 cities. Furthermore, the half-day intra-city delivery service, launched in 2022, now covers more than 270 cities across the country and includes unique offerings such as store transfers and medicine delivery. Since the beginning of this year, SF Express' half-day delivery has expanded to key city clusters in Jiangsu, Zhejiang, Shanghai and the Pearl River Delta. As of July 2024, SF Express's half-day delivery has provided services for more than 20 million individual users and one million merchants.<sup>8</sup>

## Consumer Electronics & Electrical Appliances

### Suning.com launches 818 promotion

Suning.com (苏宁易购) launched its 818 promotion event on 26 July. Suning.com has joined hands with leading home appliance brands online to create benefits for users, such as 10 billion subsidies, 30-yuan discounts for every 200 yuan spent across stores, 15% official discounts, and 20 yuan discounts for every 300 yuan spent for members. Suning.com's offline stores will launch a nationwide Super Store Day event on 9 August, where consumers can enjoy discounts of 1,500 yuan for every 10,000 yuan (after discounts) spent on large home appliances, a 10% discount for old-for-new payment, and prepayment rewards. In Beijing, Hubei, Zhengzhou, Changchun and other regions, consumers who participate in local Suning.com stores' trade-in promotions can enjoy local government subsidies on top of the 10% subsidy offered by Suning.<sup>9</sup>

### Over 10,000 Suning Retail Cloud stores have joined Douyin and Meituan

Suning.com (苏宁易购) recently held the 2024 Retail Cloud Partner Conference and officially launched the 818 promotions in lower-tiered cities and rural areas, promoting the trade-in of old appliances and facilitating more than 10,000 stores to enter e-commerce platforms such as Douyin (抖音) and Meituan (美团), further activating 'new quality consumption' at the county level. In the first quarter of this year, Suning Retail Cloud's retail sales increased by 17% yoy, with 415 new stores opening. Super stores performed particularly well, with a year-on-year surge of 111% in retail sales. At present, Suning Retail Cloud has more than 10,000 stores nationwide. At the conference, Suning Retail Cloud further reiterated its goal of expanding the store count to 30,000 by 2025.<sup>10</sup>

## II. Market Overview

### JD Logistics and SF Express rank among Brand Finance's strongest logistics brands

JD Logistics (京东物流) and SF Express secured the second and fourth place on the list of the top 10 strongest logistics brands worldwide, according to the *Logistics 25 2024* report released by Brand Finance, an independent brand valuation consultancy. JD Logistics has enhanced its digital capabilities within the supply chain logistics sector by integrating cutting-edge technologies such as 5G, AI, and big data. These advancements have facilitated the development of intelligent solutions, including automated warehouses and autonomous delivery vehicles, thereby fostering a digitally agile and collaborative supply chain. JD Logistics is also committed to sustainability, leading the way in establishing a green supply chain.<sup>11</sup>

## III. Policy Spotlight

### China's cross-border e-commerce imports and exports up by 10.5% yoy to 1.22 trillion yuan in 1H24

According to customs data, the trade value of China's cross-border e-commerce totalled 1.22 trillion yuan in the first half of 2024, up 10.5% yoy. From 1.06 trillion yuan in 2018 to 2.38 trillion yuan in 2023, China's cross-border e-commerce imports and exports increased by 1.2 times in five years. This development was boosted by supportive policies, including the establishment of pilot zones for cross-border e-commerce development and facilitation of customs clearance, Lyu Daliang, spokesperson with the General Administration of Customs told a press conference. He also said that the customs department supervises more than seven million cross-border e-commerce packages each year, an average of about 20 million packages per day. Cross-border e-commerce has become a new driving force for China's foreign trade growth and a new force in the development of global trade.<sup>12</sup>

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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.

For more information, please visit [www.funggroup.com](http://www.funggroup.com).

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