

China Retail & E-commerce Weekly Update



I. Sector Review..... 2

General Retail..... 2

 Suning.com’s 1Q23 revenue reaches 15.859 billion yuan..... 2

 Suning.com’s in-store foot traffic during Labour Day holiday period up 23% yoy..... 2

Internet & E-commerce 2

 Meituan: Online lifestyle services consumption during first three days of Labour Day holiday up 133% compared to 2019..... 2

Supermarkets & Hypermarkets..... 3

 Yonghui Superstores plans to open over 30 net new stores in 2023..... 3

Food & Beverage..... 3

 Luckin Coffee’s 1Q23 revenue up 84.5% to 4.437 billion yuan..... 3

 Yum China’s 1Q23 revenue up 18% yoy to US\$2.92 billion as it opens 233 net new stores 3

II. Market Overview..... 4

 MOFCOM: China’s e-commerce transaction volume reaches 43.83 trillion yuan in 2022..... 4

References (in Chinese)..... 5

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I. Sector Review

General Retail

Suning.com's 1Q23 revenue reaches 15.859 billion yuan

Suning.com (苏宁易购) recently released its 2022 annual report alongside financial results for 1Q23. The company's 2022 revenue reached 71.374 billion yuan. In 1Q23, the company's revenue reached 15.859 billion yuan while the net loss was 101 million yuan, a substantial reduction of 90.22% year-on-year. Its core home appliance and consumer electronics business increased its revenue and achieved quarterly profits. In 1Q23, total sales of its home appliance and consumer electronics business increased by 5.1% yoy, and total sales of the Retail Cloud (零售云) channel increased by 33.02% yoy.¹

Suning.com's in-store foot traffic during Labour Day holiday period up 23% yoy

During the Labour Day holiday period, foot traffic in Suning.com (苏宁易购) stores across the country increased by 23% yoy, the sales of green and energy-saving home appliances increased by 56% yoy, the sales of smart home appliances and home products increased by 73% yoy, and in-store orders of over 50,000 yuan increased by 65% yoy. In order to meet the demand for consumption upgrades in lower-tier cities, Suning.com Retail Cloud (零售云) opened 143 new stores during the Labour Day period, and it partnered with more than 1,800 brands such as Midea (美的), Haier (海尔) and Hisense (海信) to provide more mid-to-high-end home appliances in over 10,000 stores.²

Internet & E-commerce

Meituan: Online lifestyle services consumption during first three days of Labour Day holiday up 133% compared to 2019

According to Meituan data, during the first three days of the Labour Day holiday this year, the average daily online consumption of lifestyle services increased by 133% compared with the same period in 2019. The top five cities for lifestyle services consumption were Beijing, Shanghai, Shenzhen, Guangzhou, and Chengdu. Night-time consumption accounted for 55% of the total. Catering consumption increased by 92% compared with the same period in 2019. On the Meituan platform, orders for attractions tickets doubled on the first day of the holiday compared to 2019, and the number of non-local orders increased by 125%.³

Supermarkets & Hypermarkets

Yonghui Superstores plans to open over 30 net new stores in 2023

At a recent briefing on 4 May, Yonghui Superstores (永辉超市) announced that the company will open over 30 net new stores in 2023 while closing underperforming stores. At present, the company operates more than 1,000 stores in 29 provinces and municipalities nationwide.⁴

Food & Beverage

Luckin Coffee's 1Q23 revenue up 84.5% to 4.437 billion yuan

Luckin Coffee (瑞幸咖啡) recently announced its financial results for 1Q23. During this period, the company's total net revenue rose 84.5% yoy to 4.44 billion yuan; net income rose from 19.8 million yuan to 564.8 million yuan; non-GAAP net income was 616.9 million yuan. Luckin Coffee opened a net total of 1,137 stores in 1Q23, including two new store openings in Singapore, resulting in a quarter-on-quarter store growth of 13.8% from end-2022.⁵

Yum China's 1Q23 revenue up 18% yoy to US\$2.92 billion as it opens 233 net new stores

Yum China (百胜中国), the Shanghai-based parent company of chain catering brands KFC and Pizza Hut in China, recently announced that its total revenue in 1Q23 increased by 18% to US\$2.92 billion, and net income surged by 189% to US\$289 million. In the quarter, same-store sales increased by 8% yoy, with increases of 8% at KFC and 7% at Pizza Hut. Yum China opened 233 net new stores in the quarter, bringing the nationwide store count to 13,180 as of 31 March 2023. The company's operating profit was US\$416 million, an increase of 118% yoy (or 134% yoy, excluding the impact of foreign exchanges), mainly due to higher same-store sales and improved margins.⁶

II. Market Overview

MOFCOM: China's e-commerce transaction volume reaches 43.83 trillion yuan in 2022

On April 28, the E-Commerce Department of the Ministry of Commerce (MOFCOM) released the *China E-Commerce Report 2022* in Hangzhou. According to the report, China's e-commerce transaction volume reached 43.83 trillion yuan in 2022, a year-on-year increase of 3.5%. Online retail sales were 13.79 trillion yuan, a year-on-year increase of 4.0%, while online retail sales of physical goods were 11.96 trillion yuan, a year-on-year increase of 6.2%. Rural online retail sales were 2.17 trillion yuan, a year-on-year increase of 3.6%, and online retail sales of agricultural products were 531.382 billion yuan, a year-on-year increase of 9.2%. The total import and export volume of cross-border e-commerce was 2.11 trillion yuan, a year-on-year increase of 9.8%, the total amount of exported goods was 1.55 trillion yuan, and the total amount of imported goods was 560 billion yuan. Total revenue of the e-commerce service industry was 6.79 trillion yuan, an increase of 6.1% year-on-year; the service revenue of e-commerce trading platforms was 1.54 trillion yuan, an increase of 10.7% year-on-year; the number of e-commerce employees was 69.3718 million, an increase of 3.1% year-on-year. Furthermore, e-commerce industry continues to evolve through various business models. For example, e-commerce livestream studios have become a new type of online store, and more merchants are now using e-commerce for marketing and drawing online traffic. Meanwhile, organic marketing through short video content helps convert traffic into sales and shapes a new form of 'guided shopping'.⁷

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Fung Business Intelligence

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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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