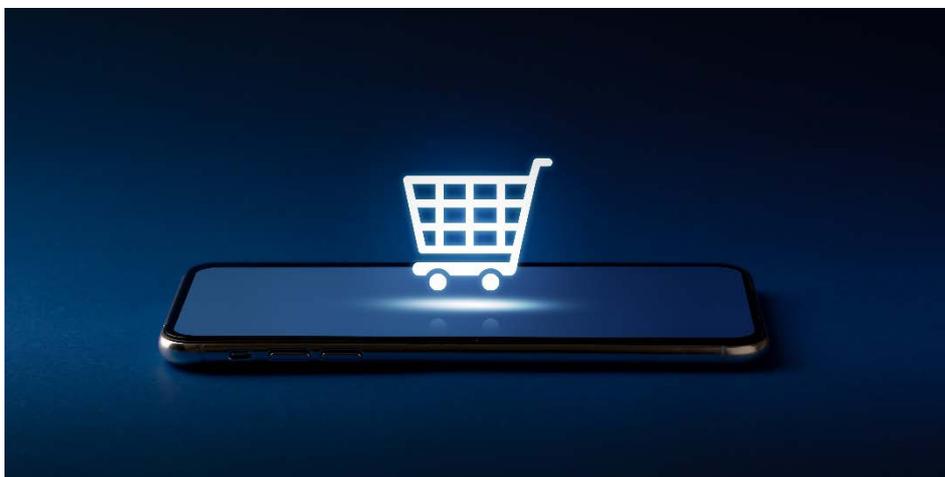


China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Five million merchants join Meituan's 'Divine Membership' programme

Meituan (美团) has recently revised and expanded its 'Divine Membership' programme, which now includes food, drink and entertainment categories for the first time while covering various at-home and in-store consumption scenarios. Members will receive special discounts for ordering takeout, food products, spas and foot massages, beauty salon, treatments, housekeeping services, or booking a hotel. They can also receive a bigger discount through an additional coupon reward system. As of 4 July, the number of participating merchants reached five million.¹

Weixin Channels launches off-season livestreaming special event

Weixin Channels (微信视频号) recently launched an off-season livestreaming special event for apparel products. For every cumulative GMV exceeding 10,000 yuan, merchants will get an e-commerce growth card reward worth 1.5% of GMV. A host can earn up to 600,000 points in total, and both merchants and platform influencers can sign up for the event. The event includes off-season products within the first-level categories of clothing and underwear, mother and baby, shoes and boots, and home textiles, such as down jackets, coats, snow boots, electric blankets, etc. Since 2024, Weixin Channels has launched 11 e-commerce promotions, covering first-level categories such as clothing and underwear, beauty, food and beverages, fresh food, sports and outdoor, mother and baby, luggage and leather goods, shoes and boots, agricultural supplies and gardening.²

Ele.me launches new growth plan for merchants

Ele.me (饿了么) recently announced a new growth plan, which will help catering brands and merchants improve their digital capabilities in order to promote business growth through the TRUST business model, two innovative businesses including 'offline smart site selection' and 'to B scenario exploration', new store subsidies and other resources. According to Han Liu, CEO of Ele.me, 'Ele.me will enable brand merchant partners to better understand their consumers through model building and tool application and provide brands with new insights and strategic solutions from the three dimensions of people, products and stores. It will continuously open up new growth spaces within home delivery business.'³

Be Friends establishes industry research institute

The e-commerce livestreaming and new media marketing agency Be Friends (交个朋友) recently established an industry research institute, which aims to expand research and practice in the field of e-commerce and promote industry innovation. It will bring together experts, scholars, business leaders and policymakers from both inside and outside the industry to jointly explore development trends, business model innovation and policy factors in the e-commerce industry. The institute will focus on multiple dimensions such as e-commerce livestreaming, content marketing, supply chain management, consumer behaviour analysis, etc., to provide intellectual support and case studies for the long-term development of the e-commerce industry.⁴

Kuaishou E-commerce launches 'New Business Start-up Plan'

Kuaishou E-commerce (快手电商) recently announced the launch of the 'New Business Start-up Plan'. As the platform's growth incentive plan for new businesses, it will provide new merchants with high-quality traffic support throughout the year, helping new merchants build their businesses from the ground up. Specific support measures include high-quality traffic support, data tools and multi-scenario support. The platform will launch a step-by-step plan to help new merchants start their operations, where different stages correspond to different levels of rewards. Merchants can also earn traffic boosts for short videos and livestreams, and high-quality content will receive additional recommendations.⁵

Meituan Group Buying launches 'instant pickup' service

Meituan Group Buying (美团团购) recently launched its 'instant pickup' service, providing a digitalized catering experience where users can order online and pickup in store without queuing. The service has taken the lead in high-frequency consumer categories such as tea and coffee, with more than 80,000 participating brand stores across over 360 counties, districts and cities across the country. The service has served more than 20 million users since its launch, improving store efficiency and reducing waiting time for consumers.⁶

Kuaishou 618 report: Pan shelf-based ecommerce GMV increases by 75% yoy

Kuaishou E-commerce (快手电商) recently released its final 618 report. During the entire promotion period from 20 May to 30 June, the number of active merchants on the platform increased by 25% yoy, the number of new active small and medium-sized merchants increased by 47% yoy, the GMV of small and medium-sized merchants increased by 31% yoy, and the number of active categories increased by 39% yoy. In addition, pan shelf-based ecommerce has become a new growth point for Kuaishou E-commerce, as its GMV increased by 75% yoy while search GMV increased by 110% yoy. At the same time, the content market maintained a stable growth rate, and the GMV of short video content increased by 69% yoy.⁷

Taobao partners with Ele.me to offer 24-hour local life services

Taobao (淘宝) recently updated its app to display its one-hour delivery service hotkey on the platform's homepage. Various supermarkets and convenience stores such as Freshippo (盒马), Shizu (十足) and RT Mart (大润发) and notable brands such as Nongfu Spring (农夫山泉), Heineken and Chando (自然堂) are already part of the one-hour delivery service. Furthermore, Taobao is working with food delivery platform Ele.me (饿了么) to expand its product range through its 24-hour local life services covering a wide range of daily necessities, including fresh produce and other groceries, medicine, alcohol, and flowers.⁸

Department Stores & Shopping Mall

SKP's fourth location opens in Wuhan

Wuhan SKP held a pre-opening mobilization meeting on 3 July, and its trial operations began on 13 July. Located in Wuchang district's Han Street commercial area, the Wuhan SKP spans 200,000 sqm, with 150,000 sqm of retail space. This is Beijing Hualian Group's fourth SKP nationwide, featuring over 1,000 international brands across beauty, fashion, jewellery, watches, and home goods, including 600 new to Wuhan. According to previous reports, Wuhan SKP will combine local culture and urban characteristics, including more innovative elements and new high-quality consumption scenarios, while maintaining SKP's original concept, committed to becoming a new world-class project that attracts young trendsetters.⁹

JD Mall opens first Sichuan store in Chengdu

JD.com (京东) announced that it had signed a contract with the Xinnan Centre in the Nanmen commercial district of Chengdu regarding the establishment of the first JD Mall in Sichuan. The mall will have a business area of nearly 40,000 sqm, and it hopes to revitalize the single-store operating model of home appliances, consumer electronics, home furnishings and other home items within the province.¹⁰

Supermarkets & Hypermarkets

Freshippo opens five new stores to reach a total of over 400 locations

Freshippo (盒马) recently opened five new stores in Shanghai, Hangzhou, Chongqing, Nantong and Jiaxing Tongxiang on 28 June, bringing the total number of stores nationwide to over 400, spread across more than 30 cities. Since the beginning of this year, Freshippo has maintained a rapid momentum of store expansion. In June alone, 12 new stores were opened nationwide. Mei Xiang, the person in charge of Freshippo's national development and site selection, said that Freshippo accelerated the opening of stores for two reasons: to allow more people to experience Freshippo's products and services, and to increase the density of stores in order to enhance the online and offline experience of customers. According to expert analysis, the recent wave of store openings has not only demonstrated the replicability of Freshippo's model, but also reinvigorated China's offline retail market.¹¹

JD.com opens first Huaguan discount supermarket in Beijing

JD.com (京东) recently opened its first Huaguan discount supermarket (华冠折扣超市) in Beijing. The store is in Changyang of the Fangshan District. With an area of about 3,000 sqm, the store is a full-category discount supermarket, including rice, flour, grain, oil, wine, beverages, baked goods, seafood, meat, poultry, eggs, milk, daily necessities, etc. In addition to the price guarantee below market price, Huaguan also offers standard JD.com guarantees such as price matching, after-sales service within 48 hours, and product damage compensation.¹²

Outlets

JD.com enters discount market with its first outlet store in Wuxi

JD.com and Heilan Group (海澜集团) announced that they will work together to operate outlet business, and open the first JD.com outlet offline store at Heilan Pegasus Water City in Jiangyin, Wuxi, in October, while also launching the 'JD.com Outlet Self-operated Zone' and 'JD.com Outlet Official Flagship Store' on the JD.com platform. According to government announcement, the project will offer affordable and convenient low-priced options of fashion and sports products.¹³

Apparel

Gap accelerates China expansion with another store opening in Shanghai

Gap recently opened another new store in Shanghai, continuing its expansion since being acquired by Baozun Group (宝尊集团) more than a year ago. This new store, located on the third floor of Shanghai MixC, covers an area of more than 500 sqm and sells a full range of products covering menswear, womenswear, baby and children's clothing. This is Gap's 12th store opening this year and its 4th new store in Shanghai. The other new stores are also in large and medium-sized cities such as Guangzhou, Changsha, Shenyang, Xi'an and Guiyang. Gap is expected to open more new stores in the second half of this year than in the first half.¹⁴

Anta reports growth across brand portfolio in 2Q24

Anta Sports recently issued a disclosure of its latest operating performance for the second quarter and the first half of 2024. In the second quarter of 2024, the Anta brand generated high single-digit year-on-year retail growth, while the Fila brand achieved mid-single-digit growth. All other brands in the business' portfolio grew sales by 40% to 45%. These retail figures include sales revenue from both physical stores and e-commerce platforms, reflecting operational performance across different brand businesses within the group.¹⁵

Esprit set to sell Greater China brand rights

Apparel brand Esprit's parent company recently announced that it has received multiple offers from independent third parties regarding potential cooperation and/or investments, specifically pertaining to the Esprit trademarks and domain names in the Greater China region; the deal is reportedly worth US\$47.5 million, though no final agreement has been reached. Esprit generates negligible revenue and incurs losses from its operations in the Greater China markets, and its businesses in Belgium, Switzerland, Germany and Austria have successively filed for bankruptcy.¹⁶

Home Products

MINISO has more than 6,600 stores worldwide

On 9 July, CCTV4 (China Central Television's Chinese-language international channel), reported on the overseas expansion of Chinese brands, including MINISO (名创优品). As of 31 March 2024, MINISO had built a retail network of more than 6,600 stores in 111 countries and regions worldwide, including nearly 2,600 overseas stores, with stores in core commercial districts in New York, Los Angeles, Paris, London, Dubai, Sydney, Singapore, and other cities.¹⁷

Food & Beverage

Dairy Queen opens first DQ Blizzard and Burgers restaurant in China

Dairy Queen China recently opened the country's first DQ Blizzard and Burgers restaurant to offer hot food and cold treats. Located on Shanghai's Wuijiang Lu, the new store features five signature burgers, chicken, fries, onion rings, beverages, and DQ's full treat menu, including the DQ Blizzard. Alan Hsu, CEO of CFB Group, the operator of Dairy Queen in China, said the company's goal is to position Dairy Queen as a brand that offers not just frozen treats but also hot meals. The company plans to open two more DQ Blizzard and Burgers stores in Shanghai in September and an additional 180 stores by 2034.¹⁸

Luckin Coffee's 20,000th store launches soft opening

Recently, Luckin Coffee's (瑞幸咖啡) 20,000th store, the Beijing Zhongguancun Flagship Store, had its soft opening. The store is located on the first floor of Zhongguancun Plaza. The store was formerly a Tims Coffee location. According to the menu, the store has launched a special series in celebration of the 20,000th store milestone, including three hand-brewed coffees. Note that it took Luckin Coffee six years to open its first 10,000 stores, but only one year to open the next 10,000 stores.¹⁹

Domino's hits 900 stores in the Chinese mainland

Domino's Pizza has opened its 900th store in the Chinese Mainland, located in Chengdu. The new outlet is part of DPC Dash's – the master franchisee of Domino's in the country – 'Go broader, go deeper' growth strategy, which aims to reach 1,000 stores nationwide by the end of the year.²⁰

KFC's K-COFFEE opens its 200th store in China

Yum China recently opened the 200th store under KFC's coffee brand, K-COFFEE, in China. The K-COFFEE's side-by-side store model houses shared kitchen facilities with KFC stores, which help reduce investment and operating costs. Currently, K-COFFEE side-by-side stores cover more than 120 cities across 31 provincial-level regions in China. The K-COFFEE brand has been growing rapidly this year, supported by the side-by-side model.²¹

Heytea opens 4000th store amidst overseas expansion

Heytea (喜茶) recently announced that it will open its latest overseas branch in Paris, in time for the 2024 Summer Olympics in the French capital. The announcement came days after Heytea posted on its UK and US social media accounts that the brand had reached 4,000 branches worldwide. According to the Heytea's 2023 annual report, it had over 3,200 stores by the end of 2023, of which more than 2,300 were business partnership stores. At present, Heytea's stores in China have gradually expanded into lower-tier cities. Its stores in first-tier, new first-tier and second-tier cities account for a total of about 62%, while third-tier, fourth-tier, and fifth-tier cities account for about 20%, 13%, and 5%, respectively. In other words, about 40% of Heytea's stores are now in third-tier cities and below.²²

McDonald's invests in supply chain hub in Hubei

McDonald's China has teamed up with four food suppliers and logistics partners, including Bimbo, China Tyson Foods, Shun Xinhui (顺新晖) and Zidan (紫丹), to jointly launch a new food supply chain hub in Hubei province. Located in Xiaogan, the smart industrial hub is expected to produce nearly 300 million loaves of bread, 30,000 tonnes of meat products, 30 million pastries and two billion packaging products annually. The facility covers an area of more than 300,000 sqm and was built with a total investment of 1.5 billion yuan for food production, packaging and cold chain logistics.²³

Nestlé enters strategic partnership with Chayan Yuese

On July 4, Nestlé Professional recently signed a strategic partnership agreement with new Chinese tea brand Chayan Yuese (茶颜悦色). As part of this partnership, Nestlé Professional has developed a new full-fat milk-based product for the tea brand. This is the first time that Nestlé Professional Catering has launched a customized product for the tea beverage industry, marking a new era of customized services in the dairy category for Nestlé.²⁴

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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.

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Fung Business Intelligence was established in the year 2000.

Fung Group

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