

China Retail & E-commerce Weekly Update



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I. Sector Review

General Retail

Suning.com's revenue in 2021 reaches 138.9 billion yuan, with a net loss of 43.3 billion yuan

On 29 April, Suning.com (苏宁易购) released its 2021 annual results. During the year, Suning.com's revenue reached 138.904 billion yuan, a year-on-year decrease of 44.94%; net loss attributable to shareholders was 43.265 billion yuan and net loss excluding extraordinary items was 44.669 billion yuan, both of which increased year-on-year. As of 31 December 2021, Suning.com had 11,281 offline stores, including 2,103 self-operated stores and 9,178 retail cloud franchise stores. Among the self-operated stores, there were 1,839 specialized stores for home electronics and appliances, 205 Carrefour supermarkets, 37 Suning e-buy Plazas (苏宁易购广场), and 22 stores in Hong Kong.¹

Internet & E-commerce

Meituan handles 109,000 stores and products that infringe on brands' IP rights in 2021

Meituan (美团) recently released the *Meituan Merchant Brand Protection Report 2021*, which shows that in 2021, the platform's active prevention and control services covered 2,194 brands, a year-on-year increase of 138%. It actively intercepted over 6.06 million stores and products suspected of infringing on brands' IP rights, a year-on-year increase of 200%; it handled a total of 109,000 infringing stores and products, over 72,000 complaints, and removed 43,000 stores and products. The processing time for handling IP complaints in 2021 was 37% shorter than that in 2020. Online complaint channels have also been added for Meituan Select (美团优选) and Meituan Medicine (美团买药).²

Supermarkets and Hypermarkets

Yonghui Supermarket's net profit excluding extraordinary items in 1Q22 up by 263% yoy

On 29 April, Yonghui Superstores (永辉超市) released its financial results for 2021 and 1Q22. In 1Q22, Yonghui achieved an operating income of 27.243 billion yuan, a year-on-year increase of 3.45% and an increase of 28.34% from 4Q21. Net profit attributable to the parent company reached 502 million yuan, a year-on-year increase of 2,053.54%; net profit excluding extraordinary items reached 628 million yuan, a year-on-year increase of 263.07%. Yonghui's total revenue in 2021 reached 91.062 billion yuan, down 2.29% yoy; online sales reached 13.13 billion yuan, a year-on-year increase of 25.6%, accounting for 14.42% of its total revenue.³

Apparel

SHEIN launches first sustainable collection evoluSHEIN

Fast fashion e-commerce retailer SHEIN has launched evoluSHEIN, its first sustainable collection which features inclusive sizing, responsibly sourced materials and supports Vital Voices, an international non-profit organization which supports women fighting global issues such as gender-based violence, climate crisis and economic inequality. The first release of evoluSHEIN clothing, which launched on 29 April, features recycled polyester from plastic waste. To produce the fabric, materials such as used plastic bottles are cleaned, shredded into pieces, melted down, and spun into polyester fibre. Compared to virgin polyester production, the recycled polyester process requires less materials and resources to produce. Both the clothing items and packaging from the collection have been produced exclusively with Global Recycled Standard-certified suppliers.⁴

Heilan Home's revenue exceeds 20 billion yuan in 2021, ranking first in the industry for the third year in a row

Heilan Home (海澜之家) recently released its 2021 financial results. Its operating income rose by 12.41% yoy to 20.188 billion yuan, though it has yet to return to 2019 levels. The gross profit margin increased to 40.01%, and the net profit rose by 39.6% yoy to 2.491 billion yuan. Heilan Home has ranked first in revenue among A-share listed apparel companies for three consecutive years. Widely known as the 'men's wardrobe', it has been the leading mass market domestic brand in men's clothing for seven consecutive years.⁵

Cosmetics

Korean cosmetics brand Laneige joins Kuaishou's e-commerce platform

Korean cosmetics brand Laneige is the most recent addition to Kuaishou's (快手) e-commerce platform's growing collection of internationally renowned brands, as part of its strategy to introduce renowned brands. On 30 April, the Laneige Kuaishou flagship store hosted an interactive livestream in collaboration with Kwai Shop (快手小店), which currently has 200 million followers. In 2H21, Kuaishou's e-commerce division set up a KA brand team to support brands and increase their transaction volume on the platform.⁶

Home Electronics and Appliances

Gome Retail establishes strategic partnership with Tencent

On 5 May, Gome Retail (国美零售) and Tencent (腾讯) signed a strategic cooperation agreement in the areas of advertising and marketing, big data, cloud services, smart stores, etc. Tencent will help Gome achieve digital transformation and upgrades across retail network, supply chain, services and operations, thereby improving its customer acquisition efficiency, marketing effectiveness, service quality, and O2O integration. According to industry analysts, the partnership may expand the digital capabilities of Gome's online shopping platform FUN (真快乐), while also providing an opportunity for Tencent to enter the entertainment retail landscape.⁷

Food & Beverage

Wanda Group begins selling milk tea

Dalian Wanda Group (大连万达集团) has applied for registration of multiple 'Wancha' (萬茶) trademarks, including beer and other beverages, convenience foods, catering, and accommodation. In fact, 'Wancha' products have been available at various Wanda Cinema locations for several years. In August 2019, Wanda launched its milk tea shop 'Wan Tea' (万小茶). In 2020, Wanda cooperated with COSTA Coffee to launch coffee shops.⁸

II. Market Overview

Top 100 retail brands in 2022: Amazon ranks first while Taobao ranks fourth

On 28 April, Brand Finance published a list of the world's most valuable retail brands in 2022 - Amazon and Walmart ranked first and second respectively. Among Chinese brands, Alibaba's Taobao (淘宝) and Tmall (天猫) reached the top ten alongside JD.com (京东), while Suning (苏宁), Yonghui (永辉) and VIPshop (唯品会) also reached the top 100.⁹

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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.

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

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