

China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Meituan to launch its corporate version

Meituan (美团) will launch its corporate version for the B2B market, targeting the corporate consumption. It will provide corporate customers with consumer services and management solutions, including food delivery, business trips, and ride-hailing services. The launch of the corporate version is aimed at gradually expanding Meituan's service capabilities for consumers to corporate users.¹

Tmall: Product launches jump 137% yoy in 2022

On 31 March, Tmall (天猫) announced that the number of new products launched on Tmall in 2022 increased by 137% yoy. Additionally, the average cycle of product launches shortened from 4.4 months in 2017 to 2.5 months in 2022.²

TVB: Total sales from the second livestream on Taobao reach 73.2 million yuan

Television Broadcasts Limited (TVB) recently held its second livestreaming session for product promotions on Taobao (淘宝). Total sales from the event reached 73.2 million yuan, with cumulative views of 6.9 million and a gain of 100,000 new followers during the livestream. Total sales from the second livestreaming event were more than three times that of the first, which totalled 23.5 million yuan. TVB plans to host one livestreaming session per week starting from April. By taking users' opinions into account, it hopes to give users more control over the content.³

Tmall Youpin holds 2023 Spring New Product Launch event

Tmall Youpin (天猫优品) recently held its 2023 Spring New Product Launch event. At the event, Tmall Youpin showcased nearly 200 trendy home appliances and cutting-edge technology products to nearly 100 brands as well as over 13,000 online stores owners and 1,300 offline Youpin store owners. The Tmall Youpin 2023 Spring New Product Launch event focused on the development trends of various industries such as home appliances, mobile phones, and electronics. The event shared insights from multiple dimensions, including trendy consumption and products, new categories, new business models, etc., to jointly seek new opportunities for the home appliance industry.⁴

Taobao launches new budget shopping channel

Taobao (淘宝) recently rolled out a new budget shopping channel, 99 Temai (99特卖), which is currently only available to some users. This new channel emphasizes best value for money and free shipping. Industry insiders believed that the channel will be made available to all users later this month. The 99 Temai channel mainly features products from industrial belt manufacturers, covering multiple categories such as daily necessities, food, flowers, and plants. The first batch of products on this budget channel is said to cover tens of thousands of items, with most partners coming from the Tao factory programme. Taobao requires that all participating industrial belt manufacturers must provide quality assurance for their products.⁵

Meituan likely to launch food delivery service in Hong Kong in May with a new brand

On 4 April, Meituan (美团) held its first delivery rider briefing session in Hong Kong, indicating that Meituan will launch its services in Hong Kong soon. Meituan will develop a new independent food delivery brand in Hong Kong that is tailored to local users, with customized product and service offerings. The new brand is expected to be launched in the first half of this year. Reportedly, Meituan has required delivery riders to have valid driving licenses on 15 May, leading to speculations that Meituan may begin operations in Hong Kong in mid-May.⁶

Retail Logistics

Cainiao partners with Shenzhen Airport to establish air cargo centre

On 3 April, Cainiao (菜鸟) and Shenzhen Bao'an International Airport ('Shenzhen Airport') signed a cooperation agreement. They will jointly build the first national air cargo centre for the international express business of Cainiao, introduce more international air cargo routes, and increase the capacity of all-cargo carriers. The newly established air cargo centre will be the first air cargo centre of Cainiao in China and the first project to be launched in the e-commerce zone of Shenzhen Airport. It is expected to be operational later this month. The centre is located within Shenzhen Airport and enables fast transfer of parcels and goods between the airside and landside of the airport. It provides services such as sorting, palletization, customs inspection and customs declaration, and is equipped with intelligent logistics technology and equipment. It is estimated that the parcel processing efficiency will be increased by 20%-30%.⁷

SF Express pledges to make compensation for home delivery failures in 600 cities

Starting from 30 March, SF Express (顺丰) will offer compensation for home delivery failures in over 600 cities across the country. This service pledge covers not only major cities, but also lower-tier cities and county-level cities. In September 2022, SF Express first proposed a performance pledge to offer compensation for home delivery failures. If an SF Express courier fails to deliver a parcel as per standard procedure, the recipient can provide feedback to SF Express through different channels, including its customer service hotline, online customer service, and satisfaction evaluation form. After verification by the customer service team, the recipient can receive a coupon of 5 yuan, which can be used to pay for shipping fees when placing the next order.⁸

Apparel

lululemon achieves a three-year compound annual growth rate of over 50% in the Chinese mainland market

lululemon recently released its financial report for 4Q22, which showed a 30% year-on-year increase in net revenue to US\$2.8 billion. lululemon's revenue in the Chinese mainland market increased by more than 30% in 4Q22 compared to the same period last year, with a three-year compound annual growth rate of over 50%.⁹

Adidas's revenue in Greater China reaches 3.179 billion euros in 2022

Adidas recently released its financial results for the fourth quarter and full year of the 2022. In 2022, Adidas achieved a revenue of 22.511 billion euros, a year-on-year increase of 1%. The Greater China region, one of Adidas' most important strategic markets, contributed 3.179 billion euros in revenue in the year.¹⁰

II. Market Overview

MOFCOM: China's imports of consumer goods reach 1.93 trillion yuan in 2022

Ministry of Commerce (MOFCOM) recently announced that China's imports of consumer goods reached 1.93 trillion yuan in 2022, more than double the level in 2012 and accounting for 11% of total imports. In addition, the value of imports through cross-border e-commerce reached 560 billion yuan, up 4.9% yoy. China's imports of consumer goods are expected to maintain steady growth, fueled by the continuous improvement of people's living standards, the steady progress of urbanization, and the gradual expansion of the middle-income group.¹¹

Xiaohongshu releases top 10 beauty consumption trends for 2023

On 6 April, Xiaohongshu (小红书) released its top 10 beauty consumption trends for 2023, showing that new technology innovations are shaping the beauty industry and consumers' understanding of beauty products is improving. Consumers are no longer obsessed with the effectiveness of individual ingredients or the addition of high-quality ingredients only. Instead, they seek to understand the product fully and find the one that best suits them. In addition, the skincare concepts of young people continue to upgrade in 2023, with the emergence of the 'formula-focused' approach following the 'ingredient-focused' approach.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.

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