

China Retail & E-commerce Weekly Update



Helen Chin
Vice President

William Kong
Senior Research Manager

Brigitte Ng
Research Analyst

Fung Business Intelligence
11/F LiFung Tower
868 Cheung Sha Wan Road
Kowloon, Hong Kong
T: (852) 2300 2271
F: (852) 2635 1598
E: fbicgroup@fung1937.com
W: <http://www.fbicgroup.com>



I. Sector Review..... 2

Internet & E-commerce 2

Freshippo Lifestyle Services begins inviting external partners in home services 2

JD.com 618: More than 300 beauty brands record sales growth of more than 100% in first four hours 2

Tmall 618: 43 beauty brands achieve sales of over 100 million yuan..... 2

Tmall 618: 368 new brands rank first in trend categories 3

Kuaishou launches group purchasing home delivery service for food..... 3

Taobao Live launches full livestream management service for merchants 3

Meituan’s 1Q24 revenue increases by 25% yoy to 73.3 billion yuan..... 4

Apparel..... 4

UNIQLO sister brand GU opens first location in Shenzhen 4

Massimo Dutti launches flagship store on JD.com..... 4

Lululemon’s China revenue goes up by 45% yoy in 1Q24..... 5

Food & Beverage..... 5

Yum China expects to operate 800 Chinese restaurant locations by end of 1H24..... 5

Starbucks opens an ‘intangible cultural heritage concept store’ in Suzhou..... 5

II. Market Overview 6

CCFA: Sales of the top 100 chain stores reach 2.03 trillion yuan in 2024 6

Duty-free shopping in Sanya increases by 23% per year on average 6

References (in Chinese) 7

I. Sector Review

Internet & E-commerce

Freshippo Lifestyle Services begins inviting external partners in home services

Alibaba's Freshippo (盒马) recently began inviting local lifestyle service suppliers to join its platform. This is the first time that Freshippo Lifestyle Services has invited external partners since its launch in 2019. Currently, Freshippo offers a user-exclusive home service experience, including housekeeping services, cleaning services, and pet services. This year, it is preparing to launch many other home service offerings such as door-to-door beauty services, home maintenance, home appliance maintenance, and Japanese-style moving services. It is reported that each Freshippo store will select up to three high-quality suppliers per industry to join the platform.¹

JD.com 618: More than 300 beauty brands record sales growth of more than 100% in first four hours

JD.com's (京东) 618 shopping festival launched at 8PM on 31 May. By midnight, the transaction volume of more than 300 beauty brands such as Bioderma, L'Occitane, and NARS had increased by more than 100% yoy; the transaction volume of domestic cosmetics brands such as Caitang (彩棠), Comfy (可复美), and Voolga (敷尔佳) increased by more than 350% yoy. Toning cream became a bestselling category this year, with a year-on-year increase of more than 10x. The transaction volume of men's sunscreen, perfume and makeup sets, and nail tools also increased by more than 100% yoy.²

Tmall 618: 43 beauty brands achieve sales of over 100 million yuan

43 beauty brands had already achieved sales of over 100 million yuan during Tmall's (天猫) 618 shopping festival as of 3 June. Among them, Proya (珀莱雅) and Lancôme achieved sales of over 100 million yuan in less than 20 minutes after the start of the event, L'Oreal achieved sales of over 100 million yuan in 26 minutes, and Estee Lauder achieved sales of over 100 million yuan in 28 minutes. Comfy (可复美) and SkinCeuticals also achieved sales of over 100 million yuan within 40 minutes. Compared with last year, eight new brands achieved sales of over 100 million yuan, including Amiro (觅光), Marubi (丸美), Elizabeth Arden, Forest Cabin (林清轩), JOVS, Fresh, OSM (欧诗漫) and JMoon (极萌).³

Tmall 618: 368 new brands rank first in trend categories

Tmall (天猫) data showed that new consumer brand ‘unicorns’ have exploded during the 618 shopping festival this year. In the first phase of Tmall 618 festival, 368 new brands such as Laifen (徕芬) and SIN SIN – most of which have been on Tmall for less than three years – ranked first place in the trend categories. In the past three years, more than 6,000 brands have successfully created brands on Tmall, giving birth to 100 product tracks reaching 10 billion yuan in sales. This year, Tmall continues to upgrade its new brand support plan, aiming to support 1,000 new brands achieving more than 10 million yuan in sales and 100 new brands achieving more than 100 million yuan in sales, supporting the rise of new brands on Tmall that will grow into industry ‘unicorns’.⁴

Kuaishou launches group purchasing home delivery service for food

Kuaishou (快手) recently launched a delivery service where merchants can sell group purchase packages through the platform. The delivery model is similar to Douyin (抖音), where Kuaishou only provides service support for merchants, including takeaway labels and delivery buttons, etc., but the delivery and other services are still provided by the merchants. There is currently no dedicated entrance in the Kuaishou app for this service – users need to search for relevant keywords in the ‘Group Purchase Discount’ channel to find takeaway products. Currently, merchants that deliver have a high average order value, such as barbecue, crayfish, roasted meats, etc. Since this March, Kuaishou has optimized the product delivery function based on the delivery needs of local lifestyle merchants.⁵

Taobao Live launches full livestream management service for merchants

Taobao (淘宝) recently launched a full livestream management service for merchants. It is aimed at business owners who want to promote their companies on Taobao Live, regardless of whether they have livestreaming experience. Taobao Live will provide a one-stop ‘nanny’ service from product offerings to livestream operations. As business owners have limited time and resources, Taobao Live offers a full set of professional solutions to help them manage and operate brand livestreams.⁶

Meituan's 1Q24 revenue increases by 25% yoy to 73.3 billion yuan

Meituan (美团) recently announced its financial result for the first quarter of 2024. During this period, its revenue increased by 25% yoy to 73.3 billion yuan. Its core local business generated 54.6 billion in revenue, a year-on-year increase of 27%, fuelled by strong takeaway delivery orders. The delivery business also increased its annual active users to nearly 500 million. The number of instant delivery orders on the platform increased by 28% yoy to 5.46 billion. Furthermore, Meituan Instashopping (美团闪购) maintained its rapid growth momentum this quarter, as the average daily order volume reached 8.4 million, and the number of annual active users and transaction frequency both achieved strong year-on-year growth. Meituan continues to focus on the 'retail + technology' strategy, deepening its presence in the Chinese consumer market and local service fields, and promoting retail operations efficiency through technology and innovation.⁷

Apparel

UNIQLO sister brand GU opens first location in Shenzhen

UNIQLO's sister brand GU opened its first pop-up store in Futian District, Shenzhen on 8 June. This is GU's first store opening in China in two and a half years, marking the brand's entry into the Shenzhen market. Located in the Link CentralWalk (领展中心城), the GU store offers a range of items such as womenswear, menswear, shoes, bags and accessories. The GU store is adjacent to a UNIQLO store, allowing a convenient shopping experience across both brands. Prior to this opening, GU had four stores in the Chinese mainland as well as an online store.⁸

Massimo Dutti launches flagship store on JD.com

JD.com (京东) recently announced a strategic partnership with Inditex, one of the world's largest fashion retailers. This partnership will introduce a flagship store for one of Inditex's fashion brands, Massimo Dutti, on JD.com's marketplaces, as part of the Inditex's broader efforts to cater to the needs of China's vast digital consumer base. The Massimo Dutti flagship store will offer nearly 1,000 products, including men's and women's wear, accessories, and exclusive items specifically for JD.com customers. Inditex currently operates over 5,690 stores worldwide under seven brands, including Zara, Massimo Dutti, Oysho, Zara Home, etc.⁹

Lululemon's China revenue goes up by 45% yoy in 1Q24

Lululemon recently released its financial results for the first quarter of 2024. During this period, the company's revenue reached 2.2 billion yuan, an increase of 10% yoy, largely due to a 45% yoy growth in the Chinese mainland market – its share of total revenue increased to 14% this quarter from 10% in the same period last year. The company said it is confident that its China business is still in the early growth stages. Since the first quarter of 2023, Lululemon has opened 26 new stores in China, compared to a total of only nine new stores in the rest of the world.¹⁰

Food & Beverage

Yum China expects to operate 800 Chinese restaurant locations by end of 1H24

Yum China (百胜中国) recently announced that its Chinese restaurant businesses including Little Sheep (小肥羊) and Huang Jihuang (黄记煌) brands has made good progress since the beginning of 2024 in terms of adding new stores as well as launching new store types. In China, Little Sheep opened nine new stores in multiple first-tier to third-tier cities in May alone; it also launched new store types, including one-person hot pot restaurant. Huang Jihuang is also preparing to expand its presence in both domestic and foreign markets. Little Sheep and Huang Jihuang brands will celebrate their 25th and 20th anniversaries this year as well. Yum China expects that by the end of first half of this year, it will operate around 800 Chinese restaurant locations nationwide.¹¹

Starbucks opens an 'intangible cultural heritage concept store' in Suzhou

A new Starbucks 'intangible cultural heritage concept store' recently opened in Suzhou. As the third Starbucks intangible cultural heritage concept store in China and the first such concept store in Jiangsu, this new store combines intangible cultural heritage skills from all over the country with the local intangible cultural heritage of Suzhou, making it the most culturally integrated store of its kind so far. There is also an intangible cultural heritage exhibition table in the store, which is made with the traditional woodworking skills of local Suzhou Xiangshan craftsmen and displays more than 10 types of handcrafted products from rural female artisans.¹²

II. Market Overview

CCFA: Sales of the top 100 chain stores reach 2.03 trillion yuan in 2024

The China Chain Store Association (CCFA) recently released the *2023 China Chain Store TOP100* list based on a recent industry survey. In 2023, total sales of the top 100 chain stores reached 2.03 trillion yuan, with a total of 226,600 stores – an increase of 4.6% and 8.3% respectively over the top 100 chain stores of the previous year. Among the top 100 chain stores, there are 46 comprehensive retailers, 23 supermarket chains, 15 convenience store chains, and 16 specialty chains. Among the new stores of the top 100 companies in 2023, convenience stores and specialty stores account for more than 97%.¹³

Duty-free shopping in Sanya increases by 23% per year on average

The city of Sanya recently announced that since the implementation of the new offshore duty-free policy on 1 July 2020, the cumulative amount of duty-free shopping in Sanya has reached 110.5 billion yuan, with an average annual growth of 23%. Sanya has been fully committed to promoting the growth of offshore duty-free consumption in recent years; both HTDF Supermall and cdf Sanya Phoenix Airport Duty-Free Store Phase II are now fully operational, and international luxury brand Louis Vuitton has opened a store there. In 2023, Sanya issued offshore duty-free consumption coupons worth 68 million yuan, driving offshore duty-free consumption of 1.389 billion yuan; the four offshore duty-free shops accumulated sales of 30.02 billion yuan, a year-on-year increase of 18.3%. During the seven-day Chinese New Year holiday this year, the four offshore duty-free shops achieved cumulative sales of 2.103 billion yuan, with record highs in foot traffic.¹⁴

References (in Chinese)

- ¹ 《盒马生活服务板块首次对外招商，含众多到家服务版块》，2024年5月31日，网易
<https://www.163.com/dy/article/J3HI98QS0553YQCC.html>
- ² 《京东 618 开门红 4 小时：超 300 个美妆品牌增长超 100%》，2024 年 6 月 1 日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/550607.shtml?>
- ³ 《天猫 618 已有 43 个美妆品牌销售额破亿》，2024 年 6 月 3 日，观点网
<https://www.guandian.cn/article/20240603/411883.html>
- ⁴ 《天猫 618：368 个新品牌拿下趋势品类第一》，2024 年 6 月 5 日，电商报
<https://www.dsb.cn/news/01hzkh55b66ye63ermqk3z6b7t>
- ⁵ 《快手推出团购配送到家服务》，2024 年 6 月 4 日，新浪财经网
<https://finance.sina.cn/tech/2024-06-04/detail-inaxqnpc7877643.d.html>
- ⁶ 《淘宝直播面向企业家推出直播全托管服务》，2024 年 6 月 6 日，网经社
<http://www.100ec.cn/detail--6639430.html>
- ⁷ 《美团发布 2024 年一季度财报：营收 733 亿元，同比增长 25%》，2024 年 6 月 6 日，第一财经社
<https://www.yicai.com/news/102140709.html>
- ⁸ 《优衣库姊妹品牌 GU 首次进驻深圳》，2024 年 6 月 4 日，联商网
<http://www.linkshop.com/news/2024519012.shtml>
- ⁹ 《西班牙时尚品牌 Massimo Dutti 入驻京东 近千款产品同步上新》，2024 年 6 月 5 日，新浪财经网
<https://finance.sina.cn/2024-06-05/detail-inaxyqh6030123.d.html>
- ¹⁰ 《Lululemon 一季度中国大陆市场营收增长 45%》，2024 年 6 月 6 日，36 氪
<https://www.36kr.com/p/2807653082642056>
- ¹¹ 《百胜中国预计上半年中餐门店达 800 家》，2024 年 6 月 3 日，赢商网
<https://m.winshang.com/news724439.html>
- ¹² 《星巴克在苏州开了一家“非遗概念店”》，2024 年 6 月 6 日，联商网
<http://www.linkshop.com/news/2024519144.shtml>
- ¹³ 《中国连锁经营协会：2023 年，连锁 TOP100 企业销售规模为 2.03 万亿元》，2024 年 6 月 6 日，36 氪
<https://www.36kr.com/newsflashes/2808077149828487>
- ¹⁴ 《三亚免税购物金额年均增长 23%》，2024 年 6 月 4 日，联商网
<http://www.linkshop.com/news/2024519043.shtml>

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.

© Copyright 2024 Fung Business Intelligence. All rights reserved.

Though Fung Business Intelligence endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of Fung Business Intelligence is prohibited.