

China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

Tmall sees 239% mom increase in new brands ahead of 11.11

Tmall recently saw the number of new brands joining the platform surge by 239% from August to September and rise by 70% from the second quarter to the third quarter this year, as foreign merchants rushed to join the platform before the upcoming Singles' Day shopping festival. In the first three quarters of this year, more than 1,700 overseas merchants opened their first e-commerce stores in China on Tmall International. Fashion and clothing, cleaning and beauty, home goods, jewellery and health products are the top five categories for new stores leading up to 11.11. Tmall will also spend tens of billion yuan on 11.11 promotions this year, while investing an additional 30 billion yuan in consumer subsidies.¹

Douyin establishes a new information technology company in Shanghai

Shanghai Yaofeng Information Technology Co., Ltd was recently established. The company's registered capital is one million yuan. The business scope includes Internet sales, supply chain management services, catering management, daily necessities sales, second-hand daily necessities sales, home appliance sales, information system integration services, etc. The company is wholly owned by Shanghai Gewu Zhiyuan Network Technology Co., Ltd, which is in turn wholly owned by Douyin (抖音).²

JD.com to increase Hong Kong presence with initial investment of 1.5 billion yuan

JD.com (京东) recently announced its latest move in the Hong Kong market, committing an initial investment of 1.5 billion yuan, with no upper limit set for future funding. The investment will focus on price subsidies, logistics subsidies, and service enhancements. According to JD.com, Hong Kong users can now enjoy free shipping for private label products with purchases over 299 yuan, covering categories such as electronics, home appliances, fashion, and beauty products, with delivery as fast as the next day. This marks a significant expansion of JD.com's services in the Hong Kong market.³

Pinduoduo launches 10 billion-yuan subsidies for 11.11 with consumption vouchers and double subsidies

Pinduoduo (拼多多) recently launched this year's 11.11 promotion with 10 billion yuan in subsidies, starting with consumption vouchers and the upgrade of the 'double subsidies' offers. Products covered by the subsidies include mobile phones, digital goods, home appliances, beauty, skincare, clothing, home goods, pet products, and daily goods; the platform will also focus on supporting a group of new high-quality brands with innovative products and technologies.⁴

Kuaishou Local Life's National Day GMV up by over 227% yoy in emerging cities

Kuaishou (快手) recently released a report on consumption trends during 2024's National Day holiday. During this period, the average daily number of paying users on Kuaishou Local Life increased by 114% yoy. The consumption of emerging cities continued to increase, as GMV increased by more than 227% yoy. The continued growth has also attracted more and more merchants to join Kuaishou Local Life. During the National Day holiday, the number of active merchants increased by more than 115% yoy.⁵

Tmall establishes 10 new wholly owned companies

From 30 September to 8 October, Zhejiang Tmall Technology Co. Ltd (浙江天猫技术有限公司) established 10 wholly owned new companies. In addition to Henan Youyoujia E-Commerce Co. Ltd, which has a registered capital of two million yuan, there are nine new companies – including Chongqing Jiaxiang Youpin Electric Co., Ltd, Shenyang Jiaxiang Youpin Electric Co., Ltd, and Shanghai Huanxiangfei E-Commerce Co., Ltd. The registered capital for each company is one million yuan, and these companies are located in Liaoning, Shanghai, Hubei, Henan, Shandong, Guangxi, etc.⁶

Supermarkets & Hypermarkets

Freshippo opens six stores on the eve of National Day

On the eve of China's National Day and the first day of the holiday, Freshippo (盒马) opened six stores in Zhongshan, Beijing, Shaoxing, Hefei, Deqing and Zhuzhou. Among them, the Freshippo Xiansheng stores in Zhongshan, Shaoxing urban area, Deqing and Zhuzhou are the first stores in the region. Freshippo has maintained rapid store expansion this year. As of 27 June, it had over 400 stores nationwide, covering more than 30 cities. On 9 October, Freshippo opened another store in Shenzhen Bantian Vanke, which covers an area of more than 3,000 sqm.⁷

Food & Beverage

KFC's new health-conscious restaurant KPRO opens its first location in Guangzhou

KFC's new health-conscious restaurant KPRO recently opened its first store in Guangzhou, located on Taojin Street in Huanshi East Business District. KFC KPRO focuses on 'light, energy-rich meals' and its four signature staples include protein bowls, panini, Duoduo rolls and beef burgers. In addition, it also sells a variety of low-calorie drinks such as yoghurt shakes, sparkling coffee, and zero-sugar drinks. KPRO has locations in five cities across the country, including Guangzhou, Shenzhen, Shanghai, Beijing and Hangzhou. Currently, there are eight stores in operation, plus one more upcoming store.⁸

Molly Tea receives 100 million yuan in investment, led by Alibaba Local Life

New-style tea brand Molly Tea (茉莉奶白) recently received 100 million yuan of investment in its latest financing round, led by Alibaba's Local Life (阿里本地生活) division. The financing will be mainly used for product R&D, brand investment, supply chain improvements and team building, while empowering franchise partners to establish a lightweight business model. This round of financing will enhance Molly Tea's positioning within the tea market. Founded in 2021, Molly Tea is a new Chinese tea brand focusing on jasmine tea and floral aromas, which differentiates it from the fruit-tea-heavy menus of competitors. Its product line covers fresh milk tea, fresh fruit tea, pure tea, etc. The unit price is between 12 and 23 yuan.⁹

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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.

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.

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