

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

- Kuaishou launches partnership plan for livestreaming talent 2
- East Buy launches one-hour delivery service for its private label products 2
- Meituan establishes new company in Xiamen which business scope includes AI software development and bike sharing services 2
- Bilibili 2023 ESG Report: Over three million content creators earn income from the platform 3

Apparel 3

- H&M accelerates localization in China 3
- SHEIN’s ‘500 City Industry Belt Plan’ exceeds expectations, empowering platform sellers to expand overseas 3

Cosmetics 4

- Kose to close Tmall store 4

Furniture & Home Products 4

- IKEA opens Shanghai pop-up for budget items 4

Luxury 4

- LVMH watch brand Hublot launches on Tmall 4

Food & Beverage 5

- Domino’s expands to 835 stores in 1Q24, with same-store sales increasing for 27 consecutive quarters 5

II. Market Overview 5

- Guangdong’s cross-border e-commerce import and export exceeds 200 billion yuan in 1Q24 5
- 6,000 cosmetics counters close nationwide over the past five years 5

References (in Chinese) 6

I. Sector Review

Internet & E-commerce

Kuaishou launches partnership plan for livestreaming talent

Kuaishou (快手) recently announced its new 'Livestreaming Star Plan', which aims to partner with high-quality hosts who will promote select brands through livestreaming e-commerce in order to boost brand GMV. The plan will focus on e-commerce marketing and build connections with hosts based on specific brands and project needs. The plan also aims to increase the influence of hosts on the Kuaishou platform, enrich Kuaishou's livestreaming ecosystem, and provide more monetization opportunities for talent through cooperation with high-quality brands.¹

East Buy launches one-hour delivery service for its private label products

East Buy (东方甄选) recently launched a one-hour delivery service alongside a dedicated Douyin account. The service will initially cover the Beijing market, with plans to expand further, and it has already partnered with 17 front-end warehouses. The delivery scope currently covers 80% of the area within the Fifth Ring Road in Beijing. On launch day, East Buy's Douyin account for the one-hour delivery service had its first livestream selling about 50 private label products. The audience was limited to users in Beijing. Consumers who purchase East Buy's private label products will enjoy shorter delivery times. According to the company, demand for instant delivery services is growing, especially in daily consumer categories such as fresh produce and food. By offering one-hour delivery, East Buy hopes to make consumers' lives more convenient, thereby increasing customer loyalty to its private label products and opening up another channel for growth.²

Meituan establishes new company in Xiamen which business scope includes AI software development and bike sharing services

Xiamen Haibaiqi Technology Co., Ltd was recently established, and the company's registered capital is US\$5 million. Its business scope includes artificial intelligence (AI) software development, bicycle-sharing services, (electric) bicycle repair and maintenance, bicycle manufacturing and spare parts retail, etc. Shareholder information shows that the company is wholly owned by Xigua Limited, a subsidiary of Meituan (美团).³

Bilibili 2023 ESG Report: Over three million content creators earn income from the platform

Bilibili (哔哩哔哩) recently released its *2023 Environmental, Social and Governance Report*. According to the report, throughout 2023, the platform saw an average daily time spent of 97 minutes per user and average daily video views of 4.3 billion. Furthermore, over 200 million users engaged in learning activities on the platform, with 2.17 million content creators contributing to educational content. A total of three million content creators earned income on the platform last year, a 30% increase from the previous year.⁴

Apparel

H&M accelerates localization in China

H&M recently announced that it will launch an in-depth cooperation with Shanghai Fashion Week, alongside a new Chinese designer collaboration in 2024. The collaboration will be launched during Shanghai Fashion Week in the fall of 2024. In the past, H&M has chosen high-end fashion brands or well-known designers in the industry for collaborations, and Chinese designers have not been included in this list for a long time. However, in recent years, there has been a clear trend of H&M increasing the number of co-branded products from Chinese designers. At the Shanghai International Import Expo in November last year, H&M unveiled its newly established China Design Centre in Shanghai and unveiled the first show of the 2024 New Year artist collaboration series, which was a collaboration with Chinese artist Yang Wan.⁵

SHEIN's '500 City Industry Belt Plan' exceeds expectations, empowering platform sellers to expand overseas

Recent progress of SHEIN's 'National 500 City Industry Belt Plan' has exceeded expectations. Since 2021, more than 300 city industry belts from more than 20 provinces have joined the SHEIN platform, covering bags, clothing, underwear, small commodities, toys, footwear, accessories, etc. In Guangdong, where the SHEIN Supply Chain Centre is located, the SHEIN platform has achieved full coverage of the industry belts of 21 prefecture-level cities. In addition, SHEIN has once again increased its support for emerging businesses with new measures. While SHEIN continues to promote industrial technological innovation and expand overseas, it also continues to increase investment and construction of infrastructure such as smart supply chain warehousing and logistics centres, which will further promote the high-quality development of cross-border e-commerce and drive more cross-border brands, businesses and industry belts to expand overseas.⁶

Cosmetics

Kose to close Tmall store

Japanese cosmetics brand Kose recently announced the upcoming closure of its Tmall (天猫) flagship store. The company said the closure was the result of a 'strategic adjustment'. It will retain its offline stores as well as its online presence on JD.com, WeChat and Xiaohongshu. According to a report published by Jiemian, the closure is a result of weak sales – Japanese beauty brands have taken a hit in the wake of strained relations between China and Japan as a result of the latter's nuclear wastewater discharge. Kose's products cover a wide range of categories and prices, but this has become a disadvantage in the Chinese market as the brand now lacks a coherent image.⁷

Furniture & Home Products

IKEA opens Shanghai pop-up for budget items

IKEA recently opened a pop-up shop in Shanghai's Taikoo Li to promote its lowered prices by showcasing affordable products. To adapt to the trend of urbanization as well as growing demand from younger consumers in the Chinese market, one of IKEA's main strategies in recent years has been developing new store types. Previously, IKEA has offered city stores, self-pickup points and other small stores to reach consumers across all settings – such as work, socializing, etc.⁸

Luxury

LVMH watch brand Hublot launches on Tmall

LVMH Group's watch brand Hublot recently launched a flagship store on Tmall Luxury Pavilion (天猫奢品). A highlight of this debut is the global premiere on Tmall of the limited-edition Big Bang Soul Blue Carbon Fibre Watch, with 28 pieces available. At present, the Tmall Luxury Pavilion hosts over 200 flagship stores for luxury brands, becoming the first e-commerce platform to bring together the five luxury giants: LVMH Group, Kering Group, Chanel, Hermès and Richemont Group.⁹

Food & Beverage

Domino's expands to 835 stores in 1Q24, with same-store sales increasing for 27 consecutive quarters

DPC Dash recently announced its operating performance for the first quarter of 2024. As of 31 March, its subsidiary brand Domino's operated 835 stores in 30 cities in China, with approximately 168 million members. Since the third quarter of 2017, Domino's has achieved same-store sales growth for 27 consecutive quarters. This performance highlights Domino's continued expansion and brand influence in the Chinese market. As one of the fast-growing pizza brands in China, Domino's membership system and stable sales growth have further consolidated its competitive position in the industry.¹⁰

II. Market Overview

Guangdong's cross-border e-commerce import and export exceeds 200 billion yuan in 1Q24

According to recent statistics released by the Guangdong Customs, Guangdong's foreign trade reached 2.04 trillion yuan in the first quarter of 2024 – the first time that it has exceeded two trillion yuan in the history of the same period, and accounting for 20.1% of China's total foreign trade. Meanwhile, Guangdong's cross-border e-commerce import and export exceeded 200 billion yuan in the quarter. Furthermore, during 7-8 April, the provincial Department of Commerce held a seminar on the high-quality development of cross-border e-commerce in Shenzhen to promote the integrated development of 'cross-border e-commerce + industry belt'.¹¹

6,000 cosmetics counters close nationwide over the past five years

According to data from Nielsen IQ, the total number of cosmetics counters in department stores in 51 cities across the country has decreased by nearly 6,000 from March 2019 to 2023. However, despite such a decline, cosmetics sales at these department stores still rebounded 6% yoy to 47.3 billion yuan in 2023, and the average annual output (sales) of cosmetics counters increased from nearly 3.36 million yuan in 2019 to nearly five million yuan in 2023. Furthermore, in the past year, many cosmetics giants have demonstrated their ambitions to expand into lower-tier cities and the rural areas.¹²

References (in Chinese)

- ¹ 《快手推出达人直播带货合作计划“达播星计划”》，2024年4月8日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/545490.shtml>
- ² 《东方甄选推出“小时达”服务 配送范围覆盖北京五环内80%区域》，2024年4月8日，新浪财经网
<https://finance.sina.cn/chanjing/gsxw/2024-04-08/detail-inarchuw3251404.d.html?>
- ³ 《美团在厦门成立新公司 含 AI 软件开发业务》，2024年4月9日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/545560.shtml>
- ⁴ 《B 站 ESG 报告：2023 年超 300 万 UP 主获得收入》，2024 年 4 月 10 日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/545674.shtml>
- ⁵ 《H&M 继续加大中国本土化步伐》，2024 年 4 月 11 日，36 氪
<https://36kr.com/p/2728753886946308>
- ⁶ 《“500 城产业带计划” 进展超预期 SHEIN 赋能平台卖家助力高质量出海》，2024 年 4 月 11 日，证券日报网
<https://finance.sina.com.cn/roll/2024-03-21/doc-inanzexe7820560.shtml>
- ⁷ 《高丝 KOSE 将关闭天猫店，母公司产品策略混乱致业绩承压》，2024 年 4 月 7 日，新浪财经网
<https://finance.sina.cn/2024-04-07/detail-inaqzcvq6189032.d.html>
- ⁸ 《宜家在上海开出全球第一家低价精品店》，2024 年 4 月 8 日，联商网
<http://www.linkshop.com/news/2024516793.shtml>
- ⁹ 《LVMH 旗下品牌 HUBLOT 宇舶入驻天猫》，2024 年 4 月 9 日，第一财经网
<https://www.yicai.com/brief/102058873.html>
- ¹⁰ 《达美乐一季度在华门店增至 835 家 连续 27 季度同店销售增长》，2024 年 4 月 7 日，观点网
<https://www.guandian.cn/article/20240407/398031.html>
- ¹¹ 《一季度广东跨境电商进出口突破 2000 亿元 跨境电商：外贸新发动机》，2024 年 4 月 9 日，东方财富网
<https://finance.eastmoney.com/a/202404093036563775.html>
- ¹² 《中国过去五年消失 6000 个化妆品柜台》，2024 年 4 月 11 日，联商网
<http://www.linkshop.com/news/2024516950.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.