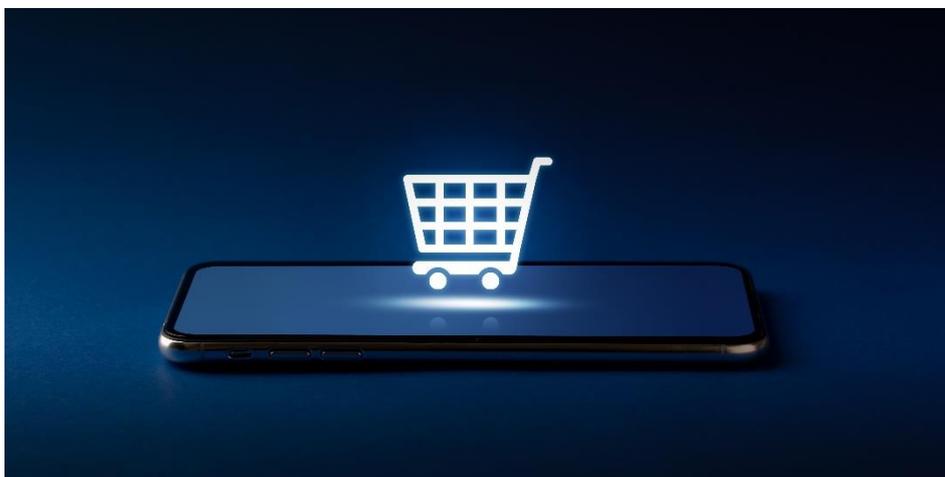


China Retail & E-commerce Weekly Update



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I. Sector Review

Department Stores & Shopping Malls

Wangfujing Group's overall sales during the Labour Day holiday up by over 50% yoy

Wangfujing Group (王府井集团) recently launched a nationwide consumption promotion activity during the Labour Day holiday period. During this period, the Group's overall sales increased by more than 50% year-on-year, while foot traffic increased by 72% year-on-year. Department stores, shopping malls, and outlets all achieved substantial year-on-year growth in both foot traffic and sales. Stores in Beijing continued to perform well, with sales growing by 134% year-on-year; the popularity of outlets and shopping centers increased significantly, with sales increasing by 93% and 50% year-on-year respectively, and foot traffic increasing by more than 65%. Holiday sales at duty-free locations continued to grow significantly. Sales at Wangfujing International Duty-Free Port increased by 115% year-on-year. Furthermore, the daily average unique visitors (UV) and daily active users (DAU) of Wangfujing's cross-border e-commerce platforms also increased significantly.¹

Internet & E-commerce

Kuaishou has cracked down on 2,794 pirated livestream incidents since November 2022

Kuaishou (快手) recently issued an announcement regarding the livestreaming and re-broadcasting of sports events content. The platform is committed to cooperating with copyright owners to provide creators with space for livestreams or secondary creation through copyright authorisation and other channels. However, the platform will also severely crack down on issues such as unauthorised sharing of sports events – since November 2022, the platform has shut down 2,794 pirated livestreams and banned four accounts.²

Douyin launches 'Super Cheap Shop' to test budget e-commerce

Douyin (抖音) recently launched a 'Super Cheap Shop' within its main app. It is a newly opened self-operated store with a focus on lower prices across similar product categories than on the rest of the platform. The opening of the 'Super Cheap Shop' signifies Douyin's entry into the budget e-commerce market.³

The first JD Mall in Yunnan will open on 18 June

Kunming JD Mall (昆明京东 MALL) will officially open on 18 June. As JD Mall's first location in Yunnan, it will focus on home and living by integrating shopping, leisure, socialising and entertainment. As a one-stop shopping space offering 40,000 sqm of home appliances and furnishings, it provides local consumers with both high-quality cultural activities and a fully immersive consumption experience.⁴

Meituan to provide 24-hour instant delivery

Beijing's 2023 Night-time Consumption Season was officially launched a few days ago. At the launch event, Meituan released big data on Beijing's night economy, and will cooperate with tens of thousands of merchants during the night Beijing event to jointly host night-time consumption activities including catering, sports and fitness, trendy entertainment and other categories. Meituan Instashopping (美团闪购) has reportedly partnered with 500 chain convenience stores in Beijing to provide 24-hour instant delivery. Meituan Maicai (美团买菜) and Meituan Takeaway (美团外卖) will also carry out various late-night snack retail and food delivery campaigns.⁵

JD.com's 1Q23 revenue reaches 243 billion yuan as net profit goes up by 88.3% yoy

JD Group (京东集团) recently released its financial results for the first quarter of 2023. During the reporting period, the company's revenue reached 243 billion yuan, and its service revenue reached 47.4 billion yuan, accounting for 19.5% of the total revenue. Among them, the year-on-year growth rate of logistics and other service revenue reached 61.3%. Revenue from external customers of JD Logistics increased by 59.8% year-on-year. In the first quarter, the number of new merchants on JD.com increased by 240% year-on-year; user shopping frequency, average revenue per user (ARPU), and daily active users (DAU) all increased simultaneously. The number of JD.com PLUS members also reached 35 million by the end of the first quarter.⁶

Apparel

SHEIN to spend US\$70 million on supply chain upgrades in the next five years

Fast fashion retailer SHEIN plans to invest US\$70 million in its supply chain over the next five years to modernise its factories, increase automation and improve facilities for workers. The company says it will add another US\$55 million to last year's US\$15 million investment in its Supplier Community Empowerment Program (SCEP) to "support and empower" its third-party manufacturing suppliers, their workers and their families.⁷

Swedish fashion brand Acne Studios joins JD.com

On May 8, Stockholm-based multidisciplinary fashion house Acne Studios officially launched its online flagship store on JD.com (京东). Featuring an extensive range of over 600 items including apparel, footwear, bags, accessories, and more, the store is set to showcase Acne Studios' highly anticipated Spring/Summer 2023 Face collection. Online shoppers can enjoy multiple interest-free periods, as well as exclusive customer service and attractive packaging.⁸

Food and Beverage

Nestlé partners with Meituan Instashopping

Nestlé and Meituan Instashopping (美团闪购) recently established a strategic partnership across Nestlé's nine major businesses: Nestlé coffee, Nestlé milk products, Nestlé candy, Nestlé ice cream, Nestlé baby nutrition, Nestlé pet care, Wyeth, Hsu Fu Chi (徐福记), and Totole (太太乐). The two parties will cooperate across various business activities such as scene marketing, service upgrades, and product supply optimisation, and explore a three-party cooperation model between brand owners, retailers, and Meituan Instashopping. In the next three years, Meituan will help Nestlé achieve its annual sales target of 2 billion yuan on the platform, and jointly increase the sales growth of food, beverages, pets and other product categories.⁹

Retail Logistics

JD Logistics' 1Q23 revenue reaches 36.73 billion as external revenue goes up by 60% yoy

On 11 May, JD Logistics (京东物流) released its financial results for the first quarter of 2023. During the reporting period, the company's total revenue reached 36.73 billion yuan, a year-on-year increase of 34.3%. Among them, income from external customers reached 25.52 billion yuan, a year-on-year increase of 59.8% and accounting for about 70% of total revenue. In the first quarter, JD Logistics' integrated supply chain revenue reached 18.45 billion yuan, and the loyalty of top customers continued to increase. As of 31 March 2023, JD Logistics had over 1,500 operating warehouses, and the total management area of the storage network including cloud warehouses exceeded 31 million sqm. The storage network now covers almost all counties (including cities and districts) in China.¹⁰

II. Market Overview

China's cross-border e-commerce market reaches 15.7 trillion yuan in 2022, up 10.56% yoy

100EC's (网经社) E-Commerce Research Centre recently released the 2022 China E-Commerce Market Data Report. According to the report, the scale of China's cross-border e-commerce market reached 15.7 trillion yuan in 2022, a year-on-year increase of 10.56% from 14.2 trillion yuan in 2021.¹¹

Huawei and Moutai top the 2023 Brand Ranking

The 2023 Top 100 Annual Brand List was recently announced on 10 May, also known as 'China Brand Day'. Huawei (华为) ranked first in the overall list, followed by Kweichow Moutai (贵州茅台). In addition, a number of Internet companies have made the top 10: JD.com (京东), Alibaba (阿里巴巴), Meituan (美团), and Baidu (百度) ranked third to sixth respectively. The list is sponsored by Sina Finance and organised by China Brand Innovation Lab and Midu (蜜度). It aims to highlight the power of branding by identifying outstanding brands.¹²

JD.com publishes the 2023 China Brand Development Trend Report

JD.com's Consumer and Industry Development Research Institute (京东消费及产业发展研究院) recently released the 2023 China Brand Development Trend Report. According to the report, the growth of Chinese brands is characterised by dual upgrades in consumption and supply. From 2019 to 2022, among brands above a certain scale, the turnover growth rate (multiple) of domestic products was 1.2 times higher than the sales volume growth rate (multiple), and the growth rate of spending per person exceeded 70%. This shows that as mass consumption continued to evolve and upgrade in 2022, consumers favoured more high-quality and high-value Chinese brand products. At the same time, the growth rate of product categories was higher than the growth rate of the number of brands in 2022. More Chinese brands are focusing on expanding their product lines to meet increasingly personalised and diversified demand.¹³

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