

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>



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I. Sector Review

Internet & E-commerce

Douyin upgrades mini app to support voucher distribution in livestreaming studios

Douyin (抖音) has recently upgraded its WeChat mini app, including new features for lead generation and business operations. The capacity for employee and partner accounts has been expanded, and custom configurations are now supported. The mini app also supports voucher distribution in livestreaming studios. The upgrade includes improved capabilities for acquiring leads through multiple channels. For mini programs in industries such as real estate, automotive, finance, consulting services, and advertising design, which have longer transaction processes or require non-standard/customized solutions, businesses can now embed short videos and livestreams in order to access traffic from the Douyin platform. This enhancement aims to fully engage internal staff as well as external distributors, service providers, and influencers, among other collaborative partners.¹

Bilibili establishes new tech company in Hangzhou

Hangzhou Different Vision Network Technology Co., Ltd (杭州不同凡想网络科技有限公司) was recently established. The company has a registered capital of one million yuan and its business scope includes computer system services, information technology consulting services, information system integration services, management consulting, and corporate image planning, among others. The company is wholly owned by Beijing Miaosila Network Technology Co., Ltd (北京喵斯拉网络科技有限公司), a wholly owned subsidiary of an affiliated company of Bilibili (B站/哔哩哔哩).²

Meituan introduces portal for in-app livestream

Meituan (美团) recently introduced a new portal for Meituan Live on its app. Users can access various features by tapping into the Meituan Live page, including the entrance to Shen Qiang Shou, a promotional tool for food delivery merchants, livestreams for Meituan's travel business, and local merchants' in-house livestreams. Additionally, users can make reservations for livestreams related to Meituan's other services, such as its grocery delivery and medicine delivery businesses. According to a source from Meituan, the livestreaming feature is being tested internally, meaning that it is currently available to select users, and the platform will adjust the feature based on user feedback.³

Kuaishou Local Life launches new service brands ‘Ganbijia’ and ‘Trusted Purchase’

Kuaishou Local Life (快手本地生活) has recently launched a new service brand called ‘Ganbijia’ (敢比价), literally ‘Dare to Compare Prices’. The service is currently available in a total of 45 cities, including Beijing, Shanghai, Guangzhou, Shenzhen, as well as 15 new first-tier cities including Chengdu, Chongqing, Hangzhou, Wuhan, Suzhou, etc. Partner brands include KFC, Wallace, Mixue Bingcheng (蜜雪冰城), Chabaidao (茶百道), etc. Earlier, Kuaishou Local Life launched its first service brand ‘Trusted Purchase’ (信任购), which provides five services: ‘refundable at any time’, ‘automatic refund if expired’, ‘express refund’, ‘no appointment needed’, and ‘available during weekends and holidays’. When a product meets the eligibility and operational criteria, the system will automatically provide it with a ‘Trusted Purchase’ label.⁴

New Oriental’s East Buy app debuts livestreaming on its standalone app

New Oriental’s (新东方) e-commerce unit East Buy (东方甄选) recently conducted its first livestreaming session on its standalone app, with a peak of 26,000 viewers. On the same day, the app also underwent iterative updates and introduced multiple livestreaming studios, with plans to add more in the future. Furthermore, the app also introduced some exclusive products that cannot be purchased on Douyin. The East Buy team plans to enhance the member experience on their app and expects to launch a new version of the loyalty programme this August.⁵

Supermarkets & Hypermarkets

Freshippo opens fully automated supply chain centre in Shanghai

Freshippo (盒马) recently opened its fully automatic supply chain centre in Shanghai. Located in Pudong district, the new facility boasts cold chain fresh processing, frozen storage for semi-finished products, a centralized kitchen, and logistics automation systems. Spanning approximately 100,000 sqm, the centre will provide support for over 100 Freshippo stores located in eastern China. This centre marks the upgrade of Freshippo’s new data-driven retail supply chain which will enable full automation of the company’s warehouse operations and management.⁶

Freshippo launches pre-made seafood dishes

Freshippo (盒马) recently introduced a new product line called 'Hema Baoxian' (盒马宝鲜) which features pre-made seafood dishes. According to the company, the products have undergone a special treatment process, resulting in seafood dishes that are free from any fishy odour. The Hema Baoxian line currently offers nearly 20 products, focusing on commonly purchased seafood items. Within a month of its launch, the new product line has experienced daily sales growth of 30%.⁷

Consumer Electronics & Electrical Appliances

100 of GOME self-operated stores join Douyin and Kuaishou local life service platforms

On 11 July, GOME (国美电器) announced that 100 of its self-operated stores have officially joined the Douyin (抖音) and Kuaishou (快手) local life service platforms. GOME aims to increase online and offline integration through in-store group purchases, live-streaming sales and other methods, providing consumers with a one-stop service from purchase to after-sales support. GOME is the first large-scale home appliance and consumer electronics retail chain brand to join the Kuaishou Local Life platform. In the future, as the parties' financial and operational systems are further integrated, thousands of GOME's franchised stores will also join the two platforms.⁸

Food & Beverage

Dairy Queen plans to open 180 restaurants in China by 2034

Dairy Queen is set to introduce its first food-centric restaurants in China with its Shanghai-based long-term partner CFB Group (中国食品饮料集团), eyeing 180 locations by 2034. Chief operating officer, international, at Dairy Queen, Nicolas Boudet, said CFB Group will be the first franchise operator to open this concept and the only one to operate food-centric restaurants in Asia. Dairy Queen is a subsidiary of Berkshire Hathaway and has over 7,000 locations in more than 30 countries and regions, including the US, Canada, and China, which is its fastest-growing market. CFB aims to open 600 treat-centric Dairy Queen restaurants – which specialize in soft-serve frozen dairy products – by 2030, 180 of which now will be food-centric restaurants that offer balanced hot food and treat menus opened by 2034.⁹

Miscellaneous

Kule Chaowan partners with Meituan Instashopping across 300 stores in 55 cities

Kule Chaowan (酷乐潮玩) and Meituan Instashopping (美团闪购) recently announced a partnership. Currently, nearly 300 Kule Chaowan stores across 55 cities nationwide have joined Meituan Instashopping. These stores offer over 2,000 products, including toys, daily necessities, clothing accessories, gifts, stationery, etc. Customers can order these items for instant delivery in as little as 30 minutes via the Meituan Instashopping platform. Established in 2012, Kule Chaowan is a leading trendy lifestyle retail brand that caters to young consumers. It boasts nearly 300 stores and a membership base of 10 million nationwide.¹⁰

II. Market Overview

CCAGM: 23 new outlet projects open in 2022

On 7 July, the China Commerce Association for General Merchandise (CCAGM) and UnionPay Merchant Services jointly released a white paper on China's outlet industry. The white paper revealed that there are currently 226 outlet projects operating nationwide, with total annual sales of 210 billion yuan. In 2022, 23 new outlet projects were opened throughout the year, representing an 11% increase in the number of stores. The outlet industry experienced a sales growth of 8% in 2022, surpassing other retail formats. The white paper also highlighted the higher concentration of outlets compared to other retail formats in China, with chain outlets accounting for 70% of the market. Meanwhile, competition among outlets in first- and second-tier cities has become increasingly fierce, and the market is approaching saturation. As a result, outlets have begun expanding into third- and fourth-tier cities. Out of the 23 new outlet projects opened in 2022, 10 of them were in third- and fourth-tier cities.¹¹

Shanghai's 'Double Five Shopping Festival': Offline consumption up 16.2% to 7.13 billion yuan per day

Shanghai's 'Double Five Shopping Festival' boosted the city's offline consumption by 16.2% this year compared to 2022 as average daily offline consumer spending in the city reached 7.13 billion yuan. Meanwhile, the average daily online retail sales in Shanghai amounted to 4.77 billion yuan, reflecting a 16.6% yoy growth. Overall, Shanghai's retail sales jumped 27.5% between January and May compared to last year, thanks to a low base and the impact of the Double Five Shopping Festival. The festival is an annual event hosted by the Shanghai Municipal Government to boost offline consumption by linking online marketing activities with key business districts, commercial streets, enterprises, and brands.¹²

China's cross-border e-commerce imports and exports up by 16% yoy to 1.1 trillion yuan in 1H23

According to a recent announcement by the General Administration of Customs at the Langfang International Economic and Trade Negotiation Conference, China's cross-border e-commerce grew rapidly in the first half of 2023, jumping by 16% yoy to 1.1 trillion yuan. Among them, exports amounted to 821 billion yuan, an increase of 19.9% yoy, while imports reached 276 billion yuan, an increase of 5.7% yoy.¹³

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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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