

China Retail & E-commerce Weekly Update



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I. Sector Review

Internet & E-commerce

JD.com: First three days of National Day holiday period sees a tenfold increase in furniture customization orders

The JD Research Institute for Consumption and Industrial Development (京东消费及产业发展研究院) recently released a consumer insight report on the National Day holiday period. Holiday consumption across the country was active from the 1-3 of October, and the proportion of household consumption increased. Demand for shoe washing machines increased by 7 times year-on-year, and dryers, domestic floor scrubbers, etc. also saw a threefold increase in demand. The average year-on-year growth rate of kitchen supplies such as electric juicer cups, air fryers, coffee machines, and noodle machines exceeded 50%. Service consumption has become a new trend, and demand for JD.com's furniture customization service has increased by tenfold – the most popular options are overall customization, closets, and children's rooms.¹

Xiaohongshu internally tests new 'Voice Live' function

Xiaohongshu (小红书) is reportedly testing a new function called 'Voice Live' internally, which enables audio-based social networking. The test users will see a new entry on the Xiaohongshu homepage which directly links to the voice live page. There each user can create a public chatroom. Discussion topics are relatively broad, including travel, workplace, art, learning, romance, music and other topics that young people are interested in. At present, the 'Voice Live' function is still in the small-scale beta testing stage. The platform can support between 25-50 public chatrooms at the same time, with up to 100 people in each chatroom. It appears that the user groups are balanced in terms of gender.²

Kuaishou's Home Electronics Festival ends with a GMV of over 550 million yuan

Kuaishou E-commerce's (快手电商) Home Electronics Festival recently ended alongside the National Day holiday period. The festival contributed to a total of over 550 million yuan in GMV, an increase of 30% yoy. Participating businesses in vertical industries such as furniture, home furnishing, home textiles, and home appliances achieved excellent results. Businesses in the home textile industry achieved a GMV of over 270 million yuan, and businesses in the home appliance industry achieved a 75% year-on-year increase in GMV.³

Tencent launches new social app ‘Miaogeng’ for younger users

On 12 October, Tencent (腾讯) launched a new social app called ‘Miaogeng’ (喵更), which is a community-based platform for young people. Users can create and share original works around words, quotes, images, memes, etc. The Miaogeng interface is divided into four sections: ‘Mood’, ‘Discovery’, ‘Creation’ and ‘Mine’.⁴

Tmall Youpin launches new ‘Life+’ store model

Tmall Youpin (天猫优品) recently launched a new supermarket store model called ‘Life +’, which started to enter supermarket locations from 1 October. Tmall Youpin supermarket stores sell household appliances of dozens of brands across nine categories, providing a wide range of products for consumers. Major appliance brands can also reach users through the ‘no-stock retail’ model to serve more community consumers. As of this past August, Tmall Youpin had more than 10,000 offline stores in over 1,900 counties across the country and had partnerships with more than 180 home appliance brands. It also provides membership services such as 365-day product exchanges.⁵

JD.com tests new group purchasing service ‘Dongdongtuan’

JD.com (京东) is launching a new group purchasing service called Dongdongtuan (东咚团). The new service is now available as a mini program. The service is still under internal testing and currently only stores that already have an online presence on JD.com can qualify as suppliers. A timeline for a full roll-out of the service has not been made public. The launch is viewed as a renewed attempt by JD.com to compete with Pinduoduo (拼多多) and Meituan (美团), following the failure of its previous community group purchasing platform Jingxi (京喜), which was merged into JD Retail this past June.⁶

Kuaishou to increase supervision of cross-border beauty products from 20 October

Kuaishou E-commerce (快手电商) recently announced that it would increase its supervision of cross-border beauty brands on the Kuaishou import e-commerce platform. The platform will optimize supply chain management of imported beauty products, thus allowing livestream hosts to select trusted products coming from Korean duty-free shops to the domestic bonded warehouses; this will also improve consumers’ trust in the platform. For new Korean products listed by cross-border beauty and personal care sellers, the platform will verify the supply chain, which allows only goods that can provide full-chain logistics data synchronization and verification to be listed on Kuaishou. This announcement was issued on 12 October and will take effect on 20 October.⁷

Retail Logistics

Tmall provides high-speed delivery for 'Double 11' pre-sale in over 300 cities through Cainiao Supply Chain

Tmall's (天猫) 'Double 11' pre-sale will start at 8PM on 24 October this year. Tmall is promoting high-speed delivery services in over 300 cities for this year's pre-sale period, which is enabled through Cainiao Supply Chain (菜鸟供应链). The number of packages covered is expected to increase by 50% yoy, so that more customers can enjoy next-day delivery. In addition, during this year's 'Double 11' promotion, Cainiao Supply Chain will launch various digital and smart products to optimize supply chain delivery. For example, the upgraded 'Smart Eye' (智慧眼) service expands monitoring capabilities from the fourth-level address (province, city, district, street) to the fifth-level address (community), and more accurately identifies areas affected by COVID-19. The community's pandemic policy and delivery arrangements can be automatically identified, and delivery resources can be reallocated in time to achieve closed-loop operations across the supply chain.⁸

Apparel

Nike Style concept store debuts in Shanghai

Nike's newest retail concept store Nike Style recently opened at TX Huaihai shopping mall, a trendy retail destination in Shanghai, aiming to serve the younger generation. This is the first fashion retail store in the domestic industry to open late at night. It features innovative and immersive shopping experiences, products, and services.⁹

Stylenanda exits the Chinese online market

South Korean fashion brand Stylenanda is about to fully withdraw from the Chinese online market. According to the 3CE Stylenanda Chinese website, its operations will be terminated at 11PM on 31 October; customers can place an order until 11PM on 16 October, after which they can make purchases through other official channels. The closure of Stylenanda's Tmall (天猫) overseas flagship store was announced at the same time, and its operations will be terminated on 20 October – though there are currently no products available.¹⁰

Beneunder's 1H22 revenue reaches 2.21 billion yuan, up 81.3% yoy

Domestic urban outdoor brand Beneunder (蕉下) recently updated its IPO prospectus to the Hong Kong Stock Exchange. In 1H22, Beneunder achieved total revenue of 2.21 billion yuan, an increase of 81.3% compared to 1.219 billion yuan in 1H21. Clothing has become the brand's main source of revenue. In 2019, 2020, and 2021, revenue from clothing sales was 3.04 million yuan, 139 million yuan, and 711 million yuan, accounting for 0.8%, 17.5%, and 29.5% of total revenue respectively. In 1H22, clothing revenue increased by 155.8% yoy to 792 million yuan, accounting for 35.8% of total revenue.¹¹

Cosmetics

Shanghai Chicmax Cosmetic plans to launch Hong Kong IPO

Chinese skincare company Shanghai Chicmax Cosmetic (上美化妆品) plans to launch an IPO in Hong Kong. The Shanghai-based company develops, manufactures and sells skincare and maternity and childcare products. Its Baby Elephant (红色小象) branded products ranked first in the domestic maternity and childcare category, posting sales of more than 1.8 billion yuan in 2021.¹²

Home Electronics and Appliances

Suning.com's in-store orders during National Day holiday period up by 168% mom

Suning.com (苏宁易购) recently released consumption data during this year's National Day holiday period. During the period, Suning.com's nationwide store orders increased by 168% mom, sales of energy-saving home appliances increased by 98% mom, and smart home appliances sales increased by 95% mom. This year's holiday period saw an accelerated recovery of consumption, and green, low-carbon and smart have become mainstream trends in home appliance consumption. Suning.com said that it will continue to upgrade its three major capabilities of product portfolio, logistics delivery, and segmented markets. It will help consumers upgrade their home appliance consumption through various new offerings.¹³

Luxury

Moncler joins the Tmall Luxury Pavilion

Italian luxury brand Moncler recently joined the Tmall Luxury Pavilion (天猫奢侈品), marking its first e-commerce flagship store in China. Founded in 1952, Moncler is currently headquartered in Milan and is known as the global leader in luxury down clothing. In anticipation of Tmall's 'Double 11' promotions and the seasonal demand, the brand is stocking up on nearly 1,000 products across 18 categories on the flagship store. Consumers who purchase Moncler products through the Tmall Luxury Pavilion will receive the same after-sales warranty services as offline consumers. Tmall store members can also access interest-free payments, customized gift card services and other digital experiences.¹⁴

II. Market Overview

Shanghai's cross-border e-commerce imports and exports reach 77.97 billion yuan in 1H22

At a recent press conference, Zhang Guohua (deputy director of the Shanghai Municipal Commission of Commerce) recently announced that Shanghai plans to further develop cross-border e-commerce demonstration parks, and support cross-border e-commerce, logistics enterprises, etc., in building and sharing overseas warehouses. The city will also support the expansion of the demonstration enterprise cluster in the international trade distribution centre; encourage enterprises in the comprehensive bonded area to expand their bonded maintenance businesses; accelerate the pilot project of managing remanufactured products in Pudong New Area; and promote the innovative development of service trade. In 1H22, Shanghai's cross-border e-commerce imports and exports reached 77.97 billion yuan, an increase of 41.7% yoy. Pudong's cross-border e-commerce imports and exports increased by 9.7% yoy, accounting for nearly 40% of the city's total; and the next target is reaching the 100-billion-yuan mark. At the same time, Shanghai has further developed its national-level cross-border e-commerce comprehensive pilot zone. It has brought in a number of cross-border e-commerce platform companies, logistics companies and financial service companies.¹⁵

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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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