

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

- East Buy establishes a supply chain company in Jiaying 2
- Douyin 3.8 Festival’s daily average paid GMV increases by 33% yoy..... 2
- Xiaohongshu begins testing direct links to WeChat mini app..... 2
- Xianyu’s average daily GMV exceeds one billion yuan in 2023 with over 100 million active users 3
- Vipshop establishes e-commerce company in Chongqing with a registered capital of 36 million yuan..... 3
- JD.com announces three major initiatives for 3C and digital products 3

Supermarkets & Hypermarkets 4

- Freshippo’s first store in the new year opens in Changsha, with 70 more new stores opening across the country this year..... 4

Retail Logistics..... 4

- JD Logistics launches packaging laboratory 4

Apparel 4

- Peacebird’s 2023 net profit increases by 127.1% yoy 4

Home Goods..... 5

- Miniso’s revenue exceeds 13.8 billion yuan in 2023..... 5

II. Market Overview 5

- iResearch: Online shoppers were most conscious of price in 2023 5
- Meituan Instashopping: Instant retail consumer electronics industry expected to exceed 100 billion yuan in 2026..... 6

III. Policy Spotlight 6

- Nine government departments call for building county-level livestreaming e-commerce hubs 6

References (in Chinese) 7

I. Sector Review

Internet & E-commerce

East Buy establishes a supply chain company in Jiaxing

East Buy (Jiaxing) Supply Chain Management Co. (东方甄选(嘉兴)供应链管理有限公司) was recently established – its legal representative is Zhang Jian, and it has a registered capital of one million yuan. Its business scope includes supply chain management services, food sales (only pre-packaged food), initial processing and retail sales of edible agricultural products, import and export of goods, etc. Shareholder information shows that the company is held 60% and 40% respectively by East Buy-affiliated Dongfang Optimization (Beijing) Technology Co. (东方优选(北京)科技有限公司) and Zhejiang Qinglian Food Co. (浙江青莲食品股份有限公司). Since the beginning of this year, East Buy has continued to develop new businesses, including hourly delivery services and an agricultural product store on Pinduoduo (拼多多).¹

Douyin 3.8 Festival's daily average paid GMV increases by 33% yoy

Douyin E-commerce (抖音电商) recently released the sales data from the 'Douyin Mall 3.8 Festival'. From 28 February to 8 March, the platform's average daily paid GMV increased by 33% yoy. The cumulative livestreaming time during the festival reached 43.27 million hours, and the views of short videos linked to shopping carts reached 76 billion. Some 69.58 million pieces of low-price goods were sold during the festival, and the number of average daily paid orders increased by 105% yoy. Furthermore, there was a 54% increase in beauty and skincare product sales, while flower orders surged by over 200%.²

Xiaohongshu begins testing direct links to WeChat mini app

Xiaohongshu (小红书) recently added a new feature which can link directly to the WeChat (微信) mini apps of merchants. Once limited to major brands, the feature is being made available to smaller brands as well. Some promotional content on the Xiaohongshu will display a 'buy button', clicking on which will take users directly to the WeChat mini app of the merchant. According to Xiaohongshu's customer service, the service is currently undergoing internal testing.³

Xianyu's average daily GMV exceeds one billion yuan in 2023 with over 100 million active users

According to the latest data released by Xianyu (闲鱼), the platform's average daily transaction value has exceeded one billion yuan. In the past year, more than 100 million people posted items for sale on Xianyu, with four million items posted per day. The most active users are the post-95 group – last year, 30 million new users born after 1995 joined the platform. In the past year, Xianyu users born after 1995 earned an average of 2,700 yuan from selling goods and services such as financial consulting, wool felt customization, night market stalls, helping children with craft projects, taking pets to the vet, in-home makeup and hair care, exam proctoring, travel planning, etc. Xianyu currently has 83 million active interest users and 150 million hobby-related products, covering hundreds of categories such as toys, sports and outdoor goods, pet and plant products, digital, and clothing. Nearly half of the transactions on the platform are hobby related.⁴

Vipshop establishes e-commerce company in Chongqing with a registered capital of 36 million yuan

Chongqing Pinwei E-Commerce Co. (重庆品唯电子商务有限公司) was recently established – its legal representative is Huang Chan, and its registered capital is 36 million yuan. The business scope includes online sales, travel ticketing agency, wholesale and retail of auto parts and accessories, wholesale and retail of clothing and apparel, etc. The company is wholly owned by Vipshop International Holdings Ltd, an affiliate of Vipshop (唯品会). Vipshop International Holdings Ltd was established in 2010 and is headquartered in Hong Kong. The company has invested in 96 companies.⁵

JD.com announces three major initiatives for 3C and digital products

JD 3C & Digital (京东 3C 数码) held a partner conference in Beijing recently. The business division announced three major initiative for the year. In terms of product launches, JD.com announced the 'One Step First' plan for new 3C and digital products which will ensure omni-channel supply, with first-come-first-served access to new products, benefits, and discounts. It also launched a special support plan for trade-in services, integrating three billion yuan in additional trade-in subsidies, which will drive new product sales of over 100 billion yuan in the next three years. It also launched an AI replacement acceleration plan for trending products to boost the development of generative AI industry while promoting trending AI hardware products.⁶

Supermarkets & Hypermarkets

Freshippo's first store in the new year opens in Changsha, with 70 more new stores opening across the country this year

Freshippo (盒马鲜生) recently opened its first store in Changsha County, Changsha, Hunan. Xiao Junhui, Freshippo's general manager of the Hunan region, said that Freshippo stores have already covered the core urban area of Changsha. To increase coverage even further, the new store has expanded into Changsha County for the first time. This is also Freshippo's first new store in the Year of the Loong. Freshippo has prevailed against market trends with continuous growth over the past two years. It opened 65 new stores across the country in 2023, with 70 more stores to come in 2024, bringing the total number of stores to over 400. Xiao Junhui said that Freshippo will continue to expand its presence in Changsha this year.⁷

Retail Logistics

JD Logistics launches packaging laboratory

JD Logistics (京东物流) recently launched a packaging laboratory – the first in the industry to cover the entire upstream, midstream and downstream supply chain. The laboratory will work on improving supply chain efficiency by introducing advanced supply chain management operation concepts, technologies and equipment, and promoting digital applications in packaging.⁸

Apparel

Peacebird's 2023 net profit increases by 127.1% yoy

Peacebird (太平鸟) recently released its 2023 annual report. In 2023, the company achieved operating income of 7.792 billion yuan, a year-on-year decrease of 9.4%; net profit attributable to the parent company was 422 million yuan, a year-on-year increase of 127.1%. The growth in net profit was mainly due to the increase in gross profit margin and cost-cutting measures, thus improving profitability. The company underwent a series of organizational changes, including closing low-performing stores, standardizing channels for old inventory, and strictly controlling retail discounts. While the brand's image has gradually improved, retail sales have declined.⁹

Home Goods

Miniso's revenue exceeds 13.8 billion yuan in 2023

Miniso (名创优品) announced its fourth quarter and full-year financial results for 2023. During the year, Miniso achieved breakthroughs in many operating indicators such as global revenue, net profit, and gross profit margin. In the fourth quarter of 2023, the company's revenue reached 3.84 billion yuan, an increase of 54% yoy. Gross profit increased by 66.2% yoy to 1.66 billion yuan, driven by a gross margin improvement to 43.1%. Operating profit increased by 71% yoy to 765.4 million yuan. For the full year of 2023, Miniso's revenue exceeded 13.8 billion, a year-on-year increase of nearly 40%; the adjusted net profit was 2.36 billion yuan, a year-on-year increase of 110%. The company ended the fourth quarter of 2023 with 6,413 stores globally, including 3,926 locations in China and 2,487 stores in overseas markets. It entered four new markets in 2023, raising the number of overseas markets to 110. It expects to maintain a net increase of 350-450 stores in China in 2024, and a net increase of 550-650 stores in overseas markets.¹⁰

II. Market Overview

iResearch: Online shoppers were most conscious of price in 2023

iResearch recently released the *2023 China E-commerce Market Research Report*. iResearch survey results show that in 2023, more than 85% of online shoppers became more rational when spending online, and the proportion of impulsive consumption influenced by commercial promotions such as advertising was relatively low. At the same time, more than 86% of online shoppers paid more attention to product price comparisons. Among the factors that attract consumers on e-commerce platforms, the importance of discounts and the convenience of returns and exchanges has increased significantly. Price-conscious consumers became the largest consumer group in 2023, jumping from the third place in 2020. Furthermore, the report shows that while the growth of China's online retail sales has slowed down over the past five years, China's e-commerce market has begun shifting from focusing on incremental growth to focusing on both incremental growth and the existing market, with more explorations of new development models.¹¹

Meituan Instashopping: Instant retail consumer electronics industry expected to exceed 100 billion yuan in 2026

At the recent 2024 China Home Appliances Retail Innovation Summit, Meituan Instashopping (美团闪购) and iResearch jointly released the *White Paper on the Instant Retail Consumer Electronics Industry*. The white paper shows that in the past three years, the consumer electronics category has achieved rapid growth within the instant retail market. The compound annual growth rate is expected to reach 68.5% from 2021 to 2026, and the scale of the instant retail consumer electronics industry will exceed 100 billion by 2026. In 2024, Meituan Instashopping will focus on consumer electronics as a key development category. It will develop brand stores, comprehensive stores, warehouses, and other business formats, covering all consumer electronics categories such as accessories, mobile phones, computers, digital products, and home appliances.¹²

III. Policy Spotlight

Nine government departments call for building county-level livestreaming e-commerce hubs

Nine government departments, including the Ministry of Commerce, recently issued implementation opinions on promoting the high-quality development of rural e-commerce. They have proposed building county-level livestreaming e-commerce hubs, upgrading county-level e-commerce public service centres (e-commerce industrial parks) to enhance livestreaming services. They will try to attract livestreaming e-commerce platforms, professional service organizations, etc., to move there, and improve facilities and equipment such as product display, content production, data analysis, and livestream settings. The hubs should also provide 'one-stop' services such as e-commerce training, brand cultivation, and agency operations. Government should cooperate with enterprises and schools to strengthen the incubation of livestreaming teams and create a number of well-rounded livestreaming hubs.¹³

References (in Chinese)

- ¹ 《东方甄选在嘉兴成立供应链公司 注册资本 100 万元》，2024 年 3 月 8 日，电商报
<https://www.dsb.cn/240819.html>
- ² 《“抖音商城 38 好物节” 日均支付 GMV 同比增长 33%》，2024 年 3 月 11 日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/543237.shtml?>
- ³ 《小红书内测跳转微信小程序功能》，2024 年 3 月 11 日，电商报
<https://www.dsb.cn/news-flash/136821.html>
- ⁴ 《闲鱼：2023 年闲鱼日均 GMV 破 10 亿 超 1 亿人挂出闲置》，2024 年 3 月 12 日，新浪科技网
<https://finance.sina.com.cn/tech/roll/2024-03-12/doc-inanapfh2576806.shtml>
- ⁵ 《唯品会在重庆成立电商公司 注册资本 3600 万人民币》，2024 年 3 月 14 日，电商报
<https://www.dsb.cn/241257.html>
- ⁶ 《2024 京东 3C 数码发布三大计划举措》，2024 年 3 月 14 日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/543485.shtml>
- ⁷ 《盒马龙年第一家新店落地长沙，今年全国将新开 70 家》，2024 年 3 月 8 日，联商网
<http://www.linkshop.com/news/2024515654.shtml>
- ⁸ 《京东物流包装实验室正式揭牌启用》，2024 年 3 月 13 日，电商报
<https://www.dsb.cn/news-flash/137071.html>
- ⁹ 《太平鸟 2023 年净利润同比增长 127.1%》，2024 年 3 月 12 日，联商网
<http://www.linkshop.com/news/2024515780.shtml>
- ¹⁰ 《名创优品 2023 年收入突破 138 亿》，2024 年 3 月 12 日，赢商网
<http://news.winshang.com/html/072/2052.html>
- ¹¹ 《艾瑞咨询：2023 网购最关注价格 电商产业将增量存量并重》，2024 年 3 月 13 日，亿邦动力网
<https://www.ebrun.com/ebrungo/zb/543437.shtml>
- ¹² 《美团闪购：预计 2026 年即时零售消费电子行业规模将超千亿元》，2024 年 3 月 14 日，电商报
<https://www.dsb.cn/news-flash/137156.html>
- ¹³ 《九部门：打造县域直播电商基地》，2024 年 3 月 13 日，东方财富网
<https://finance.eastmoney.com/a/202403133010794592.html>

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.