

China Retail & E-commerce Weekly Update



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Helen Chin
 Vice President

William Kong
 Senior Research Manager

Brigitte Ng
 Research Analyst

Vivian Liang
 Assistant Manager

Fung Business Intelligence
 11/F LiFung Tower
 868 Cheung Sha Wan Road
 Kowloon, Hong Kong
 T: (852) 2300 2470
 F: (852) 2635 1598
 E: fbcgroup@fung1937.com
 W: <http://www.fbcgroup.com>



I. Sector Review

General Retail

Suning Retail Cloud launches year-end promotion for counties and towns

In order to encourage consumers in counties and towns upgrade their home appliances, Suning Retail Cloud (苏宁易购零售云) has launched a 'Double-12 & New Year's Day' double-festival promotion with more than 12,000 Suning's home appliance, furniture, and quick repair stores across the country participating in the promotion. Suning Retail Cloud offers a trade-in subsidy of up to 1,000 yuan for consumers who trade in old household appliances and furniture for new ones. Suning Retail Cloud has also partnered with various brands such as Haier (海尔), Midea (美的), Hisense (海信) and Panasonic (松下) to increase the supply of high-quality home appliances. Suning Retail Cloud will also join forces with Midea to host 60 'New Year's Markets' and livestream sessions for consumers in the countryside.¹

Internet & E-commerce

Kuaishou's womenswear unit establishes product selection centre in Guangzhou

Kuaishou E-commerce's (快手电商) womenswear division recently established the Kuaishou Product Selection Centre in Guangzhou. It is jointly operated by Kuaishou E-commerce service providers Guangzhou Renyan Supply Chain Co. (广州人言供应链) and Guangdong Kuaidian Media Co. (广东快电传媒), working alongside more than 60 national suppliers. The centre carries over 1,000 products, covering women's clothing, men's clothing, shoes, bags, underwear, daily necessities, cosmetics and fast-moving consumer goods. The centre plans to rotate their products on a monthly basis.²

Taobao Live creates 200 million jobs with over 80% of hosts born after 1985

In key industrial belts, there has been a wave of opening new stores on Taobao (淘宝). In the past year, a considerable portion of new Taobao Live (淘宝直播) hosts came from major industrial belts and industrial clusters; ten key industrial belts such as Huzhou, Jiaxing and Shaoxing opened more than 60,000 new Taobao Live accounts in less than a year. It is reported that the post-85 generation accounts for more than 80% of the current Taobao Live hosts, and Taobao Live has created 2 million jobs.³

Online platforms partner with Nanjing to issue consumption vouchers

Recently, the Nanjing Municipal Bureau of Commerce, together with platforms such as Meituan (美团) and Douyin (抖音), jointly launched the 'Nanjing International Consumption Festival 2023!'. The promotion includes the issuance of four types of consumption vouchers, including entertainment consumption vouchers, automobile consumption vouchers, green consumption vouchers and vouchers provided by Douyin and Meituan.⁴

Retail Logistics

JD Logistics unveils smart delivery vehicle at the Global Digital Trade Expo

At the first Global Digital Trade Expo, JD Logistics (京东物流) set up a booth to showcase the technical strength of its supply chain 'trinity' of software, hardware, and system integration, and shared its cutting-edge achievements with guests. During the expo, JD Logistics's new smart express delivery vehicles that can realize L4-level autonomous driving and have a high-tech appearance attracted special attention.⁵

Department Stores & Shopping Malls

Intime Department Store has over 30 million digital members

On its annual INTIME365 members' day on 12 December, Intime Department Store (银泰百货) announced that its digital members had exceeded 30 million by the second half of the year. The company has a three-tier service system of general users/digital members/paying members.⁶

Supermarkets and Hypermarkets

Freshippo Store X opens new store in Shanghai for online customers

Members-only hypermarket chain 'Store X' by Freshippo (盒马 X) opened a new store in Zhenru Town, Putuo District, Shanghai for online customers, while the offline store is expected to open around 10 January 2023. The Zhenru store is the ninth Store X in the country, and the sixth in Shanghai. It covers an area of more than 16,000 sqm, which is three to four times that of ordinary fresh food stores.⁷

Tmall Supermarket launches carbon footprint product line

The first Global Digital Trade Expo opened in Hangzhou on 11 December. On the afternoon of 12 December, Tmall Supermarket (天猫超市) held a launch ceremony at the expo for its new certified series of exclusive 'carbon footprint' products. Carbon reduction management is conducted in each part of the supply chain of these products, and accurate carbon accounting is carried out through Alibaba Cloud Energy Expert (阿里云能耗宝). Through Tmall Supermarket, consumers can purchase these products including disposable paper cups, paper plates, bamboo chopsticks, baking paper and disposable underwear. After receiving the product, consumers can understand its carbon footprint by scanning the QR code on the packaging.⁸

II. Market Overview

Zhejiang Province's daily express delivery volume exceeds 80 million items

As China has relaxed its pandemic prevention measures, Zhejiang's express delivery industry is showing signs of stabilization and recovery. According to data from the State Post Bureau's monitoring system, from 4 to 6 December, the three-day express delivery business volume in Zhejiang Province reached 252 million pieces, with an average daily business volume of nearly 84 million pieces, a year-on-year increase of 22.8% and a month-on-month increase of 11.7%. It now accounts for 24.6% of the national express delivery volume, surpassing Guangdong and ranking first across the country.⁹

Shenzhen instant retail merchants up by 53% yoy during January to November 2022

During January to November this year, the number of Shenzhen instant retailers on the Meituan (美团) platform increased by 53% yoy, while orders increased by 42% yoy. Among them, mom-and-pop stores grew the fastest, with orders increasing by 134% yoy. Furthermore, night-time consumption is also booming: during January to November this year, Shenzhen's night-time instant retail orders increased by 34.6% yoy, and orders for electronic products increased by as much as nine times year-on-year.¹⁰

NBS: Retail sales of consumer goods down by 5.9% yoy in November

In November, China's total retail sales of consumer goods reached 3.8615 trillion yuan, down by 5.9% yoy. By consumption type, in November, the retail sales of goods reached 3,418.0 billion yuan, a decrease of 5.6% yoy; catering revenue was 443.5 billion yuan, down 8.4% yoy. From January to November, the total retail sales of consumer goods reached 39.919 trillion yuan, down 0.1% yoy. By consumption type, the retail sales of goods reached 35.9406 trillion yuan, up by 0.5% yoy; catering revenue was 3,978.4 billion yuan, down by 5.4% yoy. By retail format, from January to November, the retail sales of supermarkets, convenience stores, and professional stores increased by 3.1%, 4.3%, 3.4% respectively year-on-year; retail sales of specialty stores remained flat over last year, while retail sales of department stores decreased by 8.0% yoy.¹¹

III. Policy Spotlight

Local governments use the end of year shopping season to boost consumption

Chinese consumers have increased spending on travel services and offline catering as the country relaxes its COVID-19 control measures. The end of the year is the peak season for consumption, and various local governments have issued consumption vouchers worth over 100 million yuan to stimulate spending. For example, Guangzhou issued consumption coupons worth 30 million yuan to encourage spending on catering, supermarkets, e-commerce and accommodations. Wuhan issued 10 million yuan worth of coupons that can be used for purchasing home appliances. Promotions for various markets such as automobiles, home appliances, and cultural tourism are also in full swing. There are promotional activities such as the 'Double 12' e-commerce shopping festival, and the Hainan Duty-Free New Year's Carnival Season. According to reports, Hainan's duty-free businesses have launched 'Membership Shopping', meaning that local consumers can shop without an air ticket to leave Hainan.¹²

NDRC issues an action plan for the 14FYP period to boost domestic demand

On 15 December, the National Development and Reform Commission (NDRC) released an action plan to boost domestic demand during the 14th Five-Year Plan period (2021-25), as China strives to boost its recovery and realize high-quality growth amid a global economic downturn. The implementation plan was rolled out to further detail key tasks set by a sweeping guideline for expanding internal demand, which was released by the State Council on 14 December. The guideline seeks to see the scale of consumption and investment hit new levels and a sound domestic demand system fully established. The NDRC vowed to firmly adhere to the strategy, and plans to comprehensively promote and accelerate the upgrading of consumption, boosting consumption in areas such as the services sector and low-carbon products.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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