

China Retail & E-commerce Weekly Update



I. Sector Review	2
Internet & E-commerce	2
Kuaishou Local Life: Chinese New Year Group Buying Festival's GMV up by 117% yoy as 'new-tier' cities show strong growth.....	2
JD 7Fresh's CNY orders increase by nearly 100% yoy	2
Alibaba's 1688 makes all AI products free for merchants	2
Baidu Youxuan Chinese New Year Goods Festival: Active merchants increase by 75% yoy.....	3
Supermarkets & Hypermarkets	3
Costco Nanjing upgrades intra-city delivery service	3
Cosmetics	3
L'Oréal sales in Chinese market experience first negative growth in five years	3
Furniture and Home Improvement	4
First IKEA store in Chinese mainland will be closed for renovations until April.....	4
Luxury	4
Armani opens first restaurant in China.....	4
Food & Beverage	4
Yum China's core operating profit in 4Q24 increases by 35% yoy	4
McDonald's to open 1,000 new restaurants in China this year	5
II. Market Overview	5
CCFA: More than 70% of shopping malls see annual sales growth in 2024.....	5
Average daily online retail sales during the Online Chinese New Year Shopping Festival increase by 6.2% yoy	5
III. Policy Spotlight	6
Shenzhen implements new tax refund policy for e-commerce exporters.....	6
References (in Chinese)	7

Helen Chin

Head

William Kong

Manager

Brigitte Ng

HKUST LI & FUNG

SUPPLY CHAIN INSTITUTE

LSK Business Bldg

The Hong Kong University of

Science & Technology

Clear Water Bay Kowloon

Hong Kong

E: ustlfsci@ust.hk



I. Sector Review

Internet & E-commerce

Kuaishou Local Life: Chinese New Year Group Buying Festival's GMV up by 117% yoy as 'new-tier' cities show strong growth

During the 'Chinese New Year Group Buying Festival' from 26 January to 4 February, GMV of Kuaishou Local Life (快手本地生活) increased by 117% yoy. The annual Chinese New Year 'homecoming' rush has boosted consumption in 'new-tier' cities (third tier and lower cities). During the Chinese New Year holiday, the average daily number of paying users in 'new-tier' cities increased by 234% compared with before the holiday, and the year-on-year GMV growth rate was nearly twice that of first- and second-tier cities. Furthermore, Kuaishou Local Life's leisure and entertainment GMV increased by 530% yoy, and cinemas and video game arcades were the most popular entertainment venues. Gold, electric vehicles, and supermarket shopping were consumers' favourite categories during the holiday.¹

JD 7Fresh's CNY orders increase by nearly 100% yoy

During this year's Chinese New Year (CNY) holiday, JD 7Fresh's (京东七鲜) orders increased by nearly 100% yoy. Instant retail platforms have become a popular choice for many consumers during the holiday period, further boosting sales of Chinese New Year goods. At the same time, as consumer health awareness increases, healthy consumption is increasingly popular. Data shows that fresh ingredients, reunion dishes, and fruit gift boxes were best-selling items during this year's Chinese New Year holiday, with sales increasing by 62%, 52%, and 50% year-on-year respectively.²

Alibaba's 1688 makes all AI products free for merchants

Alibaba's wholesale marketplace 1688 recently hosted an event in Beijing targeting industry-belt manufacturers, with a focus on factories that are experiencing second-generation succession, accelerating digital transformation, embracing the application of AI technology and entering the cross-border market, especially OEM factories with 'quick responses for small orders' model and light customization capabilities, as well as specialized and innovative enterprises. 1688 also announced that all AI products will be freely available for merchants. At present, 1688 has connected to DeepSeek and is doing performance testing to ensure stability – it will be available to merchants in mid-February. Business model based on DeepSeek will also be launched in February.³

Baidu Youxuan Chinese New Year Goods Festival: Active merchants increase by 75% yoy

Baidu Youxuan's (百度优选) Chinese New Year Goods Festival (from 4 January to 4 February) recently ended. During the festival, the number of users that completed livestream e-commerce transactions increased by 249% yoy; the number of livestream e-commerce orders increased by 102% yoy; the average number of livestream anchors increased by 158% yoy; the average daily livestream duration increased by 202% yoy; the number of livestream studios with total sales exceeding one million yuan increased by 5.3 times yoy, and the number of active merchants increased by 75% yoy.⁴

Supermarkets & Hypermarkets

Costco Nanjing upgrades intra-city delivery service

Costco's Nanjing store recently upgraded its intra-city delivery service, with the delivery range expanding from the original 'eight km radius of store' to the entire central urban area, increasing shopping convenience and service efficiency for Costco members in Nanjing. This service upgrade will cover the main commercial and residential areas of Nanjing, so more members will be able to enjoy Costco's products and delivery services. In addition to daily necessities such as fresh food, the service also covers gold and jewellery, digital products and some large home appliances, which can be delivered within half a day at the fastest.⁵

Cosmetics

L'Oréal sales in Chinese market experience first negative growth in five years

L'Oreal recently released its financial results for the full year of 2024. Full-year sales reached 43.48 billion euros, a 5.1% increase year-on-year. However, the Chinese market suffered its first negative growth in five years, with sales declining by a low single digit; North Asia (which includes the Chinese market) was the only region where sales contracted. From 2020 to 2024, L'Oréal's sales performance in China achieved 27% growth, high double-digit growth, 5.5% growth, 5.4% growth, and low single-digit decline respectively.⁶

Furniture and Home Improvement

First IKEA store in Chinese mainland will be closed for renovations until April

IKEA's Xihui store in Shanghai closed for renovations on 8 February, with plans to reopen at the end of April. The renovations are based on customer feedback and aim to improve the shopping experience by optimizing customer's routes. At the same time, to provide customers with a more efficient and convenient shopping experience, the furniture pick-up area of the Xuhui store will also reopen. The store opened in January 1998 with a total area of 30,000 sqm, making it IKEA's first store in the Chinese mainland.⁷

Luxury

Armani opens first restaurant in China

The Armani Group recently opened its first restaurant in China, located inside Beijing's China World Shopping Mall. The Armani/Caffè offers Italian cuisine with international influences, offering lunch, afternoon tea, and dinner. The interior was designed by Giorgio Armani and his team of architects and matches the brand's high-end luxury image. The menu offers coffee, pizza, pasta, desserts and other items; the average per capita consumption is 347 yuan, and the afternoon tea is priced at 198 yuan per head. The most expensive item on the menu is a grilled steak, which costs 388 yuan.⁸

Food & Beverage

Yum China's core operating profit in 4Q24 increases by 35% yoy

Yum China (百胜中国) recently released its financial results for the fourth quarter and full year of 2024. The company's full-year performance indicators hit new highs, with total revenue reaching US\$11.3 billion, a record high since its spin-off and listing; net new stores in the year also reached a record 1,751, with the total number of stores reaching 16,395. Core operating profit increased by 12% yoy. The performance in the fourth quarter of 2024 was particularly strong, with core operating profit increasing by 35% yoy. The KFC brand further accelerated its store expansion, with a total of 11,648 stores covering more than 2,200 cities and towns. Its flexible store model helps self-operated stores and franchise stores to reach more cities and towns.⁹

McDonald's to open 1,000 new restaurants in China this year

McDonald's recently announced its financial results for the fourth quarter and full year of 2024. The American fast-food chain reported revenue of US\$25.9 billion last year, a 2% increase from 2023, while net profit declined 3% yoy to US\$8.2 billion. At the earnings conference, CFO Borden said that the food chain is observing encouraging signs of stabilization in China. As of the end of last year, McDonald's China had a total of 6,820 restaurants, with 917 new stores added in 2024. McDonald's plans to open 2,200 new restaurants worldwide this year, including around 1,000 in China, following lower-than-expected results last year. Furthermore, the company plans to break into the coffee market – according to executives, the beverage industry is growing about twice as fast as other businesses and has high profit margins.¹⁰

II. Market Overview

CCFA: More than 70% of shopping malls see annual sales growth in 2024

The China Chain Store & Franchise Association (CCFA) recently released a report on the shopping centre sector. According to the report, China's shopping centres (including outlets) saw broad growth in sales, foot traffic and rental income in 2024. Member-driven consumption remained a key contributor to total sales, with 76 venues reporting an increase in the proportion of revenue generated by their membership programs, while 31 saw no change. The report also found that 73% of surveyed venues recorded year-on-year sales growth, with the majority seeing moderate increases; over 20% experienced various levels of decline.¹¹

Average daily online retail sales during the Online Chinese New Year Shopping Festival increase by 6.2% yoy

The 2025 National Online Chinese New Year Goods Festival ended on 5 February. This year's festival adopted the '3+N' format for the first time, and held three key events in Jiangxi, Shanghai, and Guangxi, including the National Online Chinese New Year Goods Festival Launch Ceremony, the Silk Road E-commerce Chinese New Year event, and the China (Guangxi)-ASEAN Online Chinese New Year Goods Festival. At the same time, there was a series of supporting activities across various cities and platforms, which drove a consumption boom. During the event, average daily online retail sales across the country increased by 6.2% yoy, achieving a solid start for online consumption in 2025.¹²

III. Policy Spotlight

Shenzhen implements new tax refund policy for e-commerce exporters

Shenzhen has implemented a new policy for cross-border e-commerce that allows tax refunds for goods exported through overseas warehouses. The policy introduces a 'tax refund upon departure' mechanism for goods under customs supervision code '9810'. This initiative aims to streamline the tax refund process, expedite refunds, and reduce costs for enterprises, thereby enhancing their competitiveness in the international market. Under this policy, cross-border e-commerce goods exported via overseas warehouses are eligible for a 'refund upon departure' tax rebate. Shenzhen Mingyang International Electronic Commerce Co. Ltd (深圳名扬国际电子商务) became the first beneficiary of the policy on 7 February, receiving a tax refund of 8,015 yuan from the local tax authority for its cross-border e-commerce products. The new policy was announced by the State Taxation Administration last month and is a significant move to bolster the cross-border e-commerce sector.¹³

References (in Chinese)

- 1 《快手本地生活：“新春团购节” GMV 增长 117% 新线城市增速显著》，2025 年 2 月 10 日，东方财富网
<https://www.dsb.cn/news/01jdemseajdntbyq3f0kb1jy56>
- 2 《京东七鲜春节期间订单量同比上涨近 100%》，2025 年 2 月 11 日，网经社
<https://www.100ec.cn/detail--6646813.html>
- 3 《1688：所有面向商家的 AI 产品全部免费》，2025 年 2 月 11 日，网经社
<https://www.100ec.cn/detail--6646561.html>
- 4 《百度优选省心年货节战报发布：动销商家数同比增长 75%》，2025 年 2 月 13 日，电商报
<https://www.dsb.cn/news/01jkz2p2r9bzky50ja3s49venf>
- 5 《南京 Costco 开市客推出全新同城配送服务》，2025 年 2 月 12 日，联商网
<http://www.linkshop.com/news/2025528385.shtml>
- 6 《欧莱雅全球业绩创新高，但中国市场五年来首次负增长》，2025 年 2 月 8 日，新浪财经网
<https://finance.sina.com.cn/roll/2025-02-08/doc-ineiumyv8747940.shtml?>
- 7 《中国大陆首家宜家商场将停业改造，4 月重新开业》，2025 年 2 月 8 日，职业零售网
<http://www.lingshouw.com/article-34346-1.html>
- 8 《阿玛尼餐厅中国首店开业》，2025 年 2 月 12 日，36 氪
<https://www.36kr.com/p/3163383178788354>
- 9 《百胜中国 2024 年四季度核心经营利润同比增长 35%》，2025 年 2 月 7 日，新浪财经网
<https://finance.sina.com.cn/roll/2025-02-07/doc-ineirsee0084879.shtml>
- 10 《麦当劳今年要在国内新开 1000 家餐厅》，2025 年 2 月 12 日，网易
<https://www.163.com/dy/article/JO6VJ45Q05566WVY.html>
- 11 《2024 年超七成购物中心全年销售总额增长》，2025 年 2 月 7 日，联商网
<http://www.linkshop.com/news/2025528182.shtml>
- 12 《2025 年全国网上年货节日均零售额同比增长 6.2%》，2025 年 2 月 13 日，电商报
<https://www.dsb.cn/news/01jkz7phhe42xbd75w0cxsft3m>
- 13 《深圳跨境电商“离境即退税”政策正式实施》，2025 年 2 月 11 日，观点网
<https://www.guandian.cn/article/20250211/467164.html>

HKUST Li & Fung Supply Chain Institute

The HKUST Li & Fung Supply Chain Institute accelerates the creation, global dissemination, and practical application of new knowledge and technologies for managing supply chains. Jointly established by international research university HKUST and supply chain industry leader Li & Fung, the Institute engages in collaborative research, exchanges, professional development and executive education to driving real-world impact across the region and globally, while contributing to Hong Kong's development as a multinational supply chain management center.

For more information, please visit www.funggroup.com.

© Copyright 2025 HKUST Li & Fung Supply Chain Institute. All rights reserved. Though HKUST Li & Fung Supply Chain Institute 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 HKUST Li & Fung Supply Chain Institute is prohibited.