Jiuxian:
Revolutionizing Liquor Distribution in China Through Omnichannel Innovation

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EXECUTIVE SUMMARY

This case study examines Jiuxian's transformative journey within China's competitive liquor distribution industry, focusing on its innovative strategies and evolution into an omnichannel powerhouse. Founded in 2009 by Hao Hongfeng, Jiuxian capitalised on the burgeoning e-commerce landscape, pioneering online liquor retailing in a market traditionally dominated by offline channels. Through strategic partnerships and aggressive expansion, Jiuxian established itself as a leader, leveraging its online platform and a nationwide network of offline stores branded as "Jiuxian International Wine & Spirit Centre." The case explores Jiuxian's adaptation to market shifts, including its embrace of new retail concepts and integration of live-streaming commerce to engage a younger consumer base. Despite challenges like financial setbacks and IPO delays, Jiuxian's resilience and strategic vision have positioned it at the forefront of China's liquor retail sector, setting a benchmark for omnichannel excellence and market innovation.

UNICORN DESCRIPTION

Brief History of the Unicorn

Jiuxian Network Technology Co., Ltd (hereinafter referred to as "Jiuxian"), China's leading integrated liquor e-commerce service company, is an omnichannel, full-category retailer and service provider of alcoholic beverages with brand operation as its core. Jiuxian.com, an online B2C platform, was established by Jiuxian in Shanxi province, China, in March 2009. Subsequently, after finding that the local e-commerce environment of Shanxi was not conducive to its operations, Jiuxian moved its headquarters to Beijing in May 2010, with a brand value of 66.539 million RMB.

In July 2011, Jiuxian was selected as one of the top fifty dark horse companies with the most investment value in China by "Entrepreneur" magazine. In November 2011, the company completed the Series B financing of 80 million RMB, jointly invested by Sequoia Capital and Oriental Fuhai Capital. The Tianjin subsidiary was established in December 2013. In the Tmall Double Eleven event in November 2014, Jiuxian.com ranked first in Tmall's alcohol sales rankings. In June 2015, Jiuxian and COFCO W&W International Co., Ltd. announced a strategic partnership to promote the development of China's imported wine market. In November 2016, Jiuxian.com achieved a 30% increase in Double Eleven orders through multi-platform linkage.

In March 2017, the strategic cooperation with Rémy Cointreau Group was upgraded again. Jiuxian became its most crucial e-commerce strategic partner for domestic alcohol products in all e-commerce channels. In March 2018, the Ministry of Science and Technology released the 2017 China Unicorn List, and Jiuxian became the only company in the alcohol industry to be on the list. In August 2019, Jiuxian's brand value was RMB 26.116 billion, ranking first in China's liquor distribution. In September 2020, Jiuxian ranked first for the fifth consecutive year in the Huazun Cup China's liquor distribution industry with a revenue of RMB 32.541 billion. In December of the same year, Jiuxian ranked among the top 500 global unicorn companies for two consecutive years and was awarded the honorary title of "Reliable Liquor Project Demonstration Enterprise" by the China Liquor Distribution Association.

The early stages of pioneering often involve experiencing uncertainties, leading to a less smooth development path than it may appear for Jiuxian. Throughout its journey in financing, product sales, and market share competition, Jiuxian has faced both opportunities and challenges. Transitioning from traditional online B2C to integrating online and offline channels, Jiuxian established its own offline sales network to achieve an O2O model. It has achieved omnichannel development by combining technology and collaborating with other liquor brands.

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