

China Retail & E-commerce

Weekly Updates

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 FUNG BUSINESS INTELLIGENCE

Asia Distribution & Retail

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Retail in General

CNCIC: Retail sales of 100 key large-scale retailers in China increase 0.3% yoy in August 2018

According to the China National Commercial Information Centre (CNCIC), retail sales of 100 key large-scale retail enterprises increased by 0.3% yoy in August 2018. The growth rate was 2.6 ppts less than that in August 2017, but saw some improvement as compared to July 2018. In the period January-August of 2018, retail sales of 100 key large-scale retail enterprises and retail sales of major categories increased 1.5% yoy, 1.7 ppts less than that in the same period in 2017. Of which, retail sales of home electronics category dropped 1.2% yoy, the growth rate slowed down by 3.7 ppts compared with the same period of last year. This is the main reason for the slowdown in the growth of large-scale retail enterprises this year¹.

E-commerce

Tmall to upgrade outlet business

On 22 September, Tmall announced to upgrade its outlet business and to urge more international brands to open online outlet stores on Tmall with innovative marketing strategies such as live-streaming with KOLs. The Tmall outlet business will combine with Alibaba's New Retail strategy to bring borderless shopping experiences to customers. The upgraded outlet business will be focusing on apparel and childrenswear. Currently, brands including GXG, Baoxiniao, Septwolves, Pierre Cardin, Mark Fairwhale, C.Banner, Samsonite, Bosideng, Semir, and Hengyuanxiang have set up official online outlets stores on Tmall. It is expected that the number of brands opening outlet stores on

Tmall will exceed 300 by October 2018².

JD Worldwide sets up office in Seoul to expand sourcing capacity in South Korea

On 20 September, JD Worldwide established an office in Seoul, South Korea. The office will be responsible to maintain cooperation with Korean brand owners and JD Worldwide; it will also find more Korean brands which would like to sell in the China market. JD Worldwide's sourcing capacity in South Korea is expected to increase after the establishment of the Seoul office. This office is also the second overseas office of JD Worldwide; the first one is located in Tokyo, Japan³.

Retail logistics

Cainiao rolls out "Logistics Eye" system to track delivery

Cainiao announced that it will formally launch a video cloud monitoring system. As such, millions of cameras in various logistics stations across the country will be upgraded to intelligent sensing devices, and the "logistics eyes" system will be launched with intelligent management of the logistics station. It is reported that this system is based on cloud computing, incorporating low-cost video surveillance solutions for new technologies such as big data and artificial intelligence. It can accurately display video surveillance images, real-time monitoring, calculation, analysis and early warning, and also ensure the safe and fast arrival of every parcel⁴.

Supermarkets and hypermarkets

Greenland's G-Super supermarket opens second store in Tianjin; provides fresh seafood for the first time

Greenland's G-Super Supermarket recently opened a second store in L+MALL, Tianjin. This G-Super store sells products in various categories such as fresh food, beverages, children's experience, maternal and baby supplies, snack foods and kitchen supplies. At the same time, the store also integrates food and beverage elements and features fresh produce stalls which can provide seafood processing services to customers. It is reported that this is also the first store of Greenland's G-Super in Tianjin that features fresh seafood stalls. G-Super is set to expand into cities including Chengdu, Chongqing, Xi'an, Wuhan and Changsha, and it is expected that 18 new stores will be opened by 2H18⁵.

Apparel

Peacebird opens lifestyle stores

On 22 September, five stores of Peacebird Livin' opened in Ningbo at the same time. As the first lifestyle and home products brand of Peacebird, there are three types of Peacebird Livin' stores: boutique with a store size of 100 sqm, lifestyle store with a store size of 200 sqm and concept store with a store size of 300 sqm or more to meet the diverse needs of different consumers. Peacebird Livin' offers a wide range of products, with a total of 3,000 SKUs, including home textiles, kitchen products, home décor products, 3C electronics products and apparel⁶.

Peacebird launches WeChat Mini Program store

Recently, domestic menswear brand Peacebird launched a WeChat Mini Program store. Currently customers can purchase shirts, hoodies, trousers, coats, suits and other menswear on the WeChat Mini Program store. Customers can return merchandise without providing a reason within seven days of receiving an item. They can also directly communicate with online consultants for mix and match suggestions⁷.

Max Mara changes brand distributor in China

It is reported that Italian Max Mara Fashion Group has changed its brand distributor in the China market. Starting from 1 October, Fairton International Group Ltd. will cease distributing Max Mara Fashion Group's products in China. The latter's distribution will be managed and operated by GBMAX, a joint venture of Max Mara Fashion Group in China. At present, GBMAX operates a number of brands under the Max Mara Fashion Group including iBlues, Marella, Marina Rinaldi, MAX&Co., Max Mara, Pennyblack, Sportmax, and Weekend Max Mara⁸.

Kids products

Balabala opens children's lifestyle experiential store in The Hub in Shanghai Hongqiao

On 24 September, Semir's childrenswear brand Balabala opened its children's lifestyle experiential store in The Hub in Shanghai Hongqiao. The store not only sells childrenswear and accessories, it also features interactive experiential kids' areas. Previously in April 2018, Balababa opened its first children's lifestyle experiential store in

Wenzhou⁹.

Home products

Recently, JD Daojia and Miniso jointly announced to start mutual strategic cooperation. Miniso will select nearly 800 stores in 33 key cities in the country to launch on JD Daojia, and the two parties will work together to deepen O2O integration and digitization. It is reported more than 5,000 SKUs of Miniso will be launched on JD Daojia. Going forward, Miniso and JD Daojia will continue to deepen cooperation in various aspects across China¹⁰.

Cosmetics

HOUSE 99 by David Beckham and L'Oreal enters China

On 25 September, men's grooming brand HOUSE 99, which is co-founded by David Beckham and L'Oreal, announced the official entry into the China market. HOUSE 99 has launched in the U.K., the U.S. and in some European countries previously. HOUSE 99 mainly covers skin care products, styling products and personal care products. It has also set up a grooming room in Shanghai to provide an English-style grooming experience to consumers. It is reported that HOUSE 99 launched on JD.com on 9 September and started to pre-sell its products. The brand has also set up a public account on WeChat¹¹.

Luxury sector

Luxury e-commerce company Farfetch's stock price surges 42.25% on first day of IPO

British luxury e-commerce company Farfetch was listed on the New York Stock Exchange on 21 September (Eastern Time). By the first trading day, Farfetch's shares rose 42.25%, and the market value rose to US\$8.12 billion. After the successful listing, Farfetch became another listed company in the global luxury goods industry following the Chinese luxury retailer Secoo (SECO.O). Farfetch was founded in 2008 and is headquartered in London. According to its prospectus, as of June 2018, there were 3,200 brands on the Farfetch's online platform, including 614 retailers and 375 brand specialty stores. The number of active users reached 1.118 million, compared with 790,000 in the same period last year. In June 2017, JD.com invested US\$397 million in Farfetch and became one of the largest shareholders of the company¹².

Moncler opens pop-up store on Tmall's Luxury Pavilion

Italian fashion brand Moncler announced that it will cooperate with Alibaba Group for the first time to set up a pop-up store on Tmall's Luxury Pavilion. Starting from 27 September, Moncler will pre-sell six series of its Moncler Genius collection on Tmall's Luxury Pavilion, offering an immersive and digitalized shopping experience to consumers¹³.

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Fung Business Intelligence

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