

China Retail & E-commerce

Weekly Updates

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Retail in general

Nielsen: 46% of Chinese consumers like trying new things and searching for new brands and products

Nielsen has recently announced a report on eight major consumer trends in China. According to the report, 46% of polled consumers said that they like trying new things and searching for new brands and products; 56% of respondents expressed that compared with five years ago, they are more willing to try something new and adopt products from different brands; while only 6% of consumers said they are extremely loyal to their favor brands and 19% of consumers stay loyal to their brands mainly because they don't want to change their lifestyle habits. It is noteworthy that e-commerce platforms have become a major channel for consumers to try new products and 24% of consumers said new brands with online storefronts are more appealing to them¹.

World Brand Lab: Suning.com becomes the most valuable retailer in China

Recently, the World Brand Lab released the list of "China's 500 Most Valuable Brands in 2019". According to the report, the top five brands in the list include State Grid Corporation, Industrial and Commercial Bank of China, Haier, Tencent and China Life Insurance Company. At the same time, Suning.com ranked 13th in the overall ranking for the second consecutive year, and ranked 1st in the retail industry, with brand value amounting to 269.198 billion yuan, an increase of 17% yoy².

Some physical retailers in Shanghai promise to offer seven-day return guarantee policies

Recently, some physical retailers in Shanghai

promised to offer "Seven-Day Return Guarantee" to consumers in response to the "Implementation Plan for Further Optimizing Supply to Promote the Stable Consumption Growth" promulgated by the Shanghai Municipal People's Government in April 2019. So far, more than 750 retailers spanning apparel, home electronics, home furnishings and other industries including large-scale enterprises such as Bailian, Suning, China Red Star, and Gome agreed to reserve rights for consumers to return the product within seven days upon purchase without giving any reasons. Additionally, some companies such as Haomeijia, C&A even promised to extend their service commitment from seven days to 30 days upon purchase³.

E-commerce

State Council to add more pilot zones in addition to the current CBEC comprehensive pilot zones

According to State Council executive meeting presided over by Premier Li Keqiang on 3 July, the Chinese government will continue to support the development of cross-border e-commerce (CBEC), it will add more pilot zones in addition to the current 35 CBEC comprehensive pilot zones in China. The government will also implement more convenient procedures for accessing corporate income tax for CBEC enterprises; encourage the establishment of service platforms for CBEC enterprises; support the construction of overseas warehouses; crack down on counterfeit goods; and protect intellectual property rights as well as consumer rights⁴.

Pou Sheng International enters into a 2.4-billion-yuan framework agreement with Vipshop

On 27 June, Pou Sheng International (Holdings) Limited released an announcement stating that it entered into a framework agreement with Vipshop on 22 March 2019. The agreement serves to regulate the business relationship governing the transactions between the Pou Sheng and the Vipshop regarding the continuation of the sales and purchase of products. The annual cap of the contract sum is set at 2.4 billion yuan for the period between 1 January to 31 December 2019. Sportswear, apparel, footwear and accessories products of brands including Nike, Adidas, PUMA, Skechers, etc., which Pou Sheng is authorized to distribute, would be available on Vipshop⁵.

g.suning.com and Japanese e-commerce platform Rakuten reach a strategic cooperation

On 1 July, g.suning.com, the international business of Suning.com, and Japanese e-commerce platform Rakuten reached a strategic cooperation. The two companies will carry out in-depth cooperation in areas including cross-border direct sales, official online flagship store opening, omni-channel supply chain cooperation, and sports industry resource sharing. This is also an important step for g.suning.com to develop cross-border e-commerce business after reaching strategic cooperation with Danone Group and Kao Corporation⁶.

Meituan Dianping opens smart store with Tiger Sugar

Recently, Meituan Dianping and a Taiwanese bubble tea shop Tiger Sugar jointly launched a smart store which adopts self-service ordering kiosks and provides mobile ordering

service. Data shows that with the smart solutions offered by Meituan Dianping, the order time shortened from two minutes to 40 seconds in average; and operational efficiency increased by around 300%. Customers can enjoy more convenient ordering experience. It is hoped that the smart store initiative can further lower costs and improve efficiencies for the catering industry through online and offline integration⁷.

Retail logistics

JD Logistics to launch China's first 5G-supported smart logistics demonstration zone before November

On 1 July, JD Logistics said that it will launch China's first 5G-supported smart logistics demonstration zone before November this year. It is reported that JD Logistics will set up the demonstration zone in Jiading, Shanghai; JD Logistics will leverage 5G communication technology, together with AI, IoT, and other smart logistics technologies such as automated driving system and robotics to create an extremely high-tech, and integrated smart logistics demonstration zone in the country⁸.

Supermarkets and hypermarkets

Walmart's online blockchain traceability platform to cover more than 100 kinds of goods by end-2019

Recently, Walmart China launched the online blockchain traceability platform. The supermarket has reportedly finished testing 23 kinds of goods and made available on the platform. Another hundred-plus products will be added in 2H19, covering more than ten

categories including fresh meat, vegetables, and seafood. Customers can scan the QR code on the product to check for detailed information such as sources of origin, logistics processing time, and results of product examination⁹.

Walmart China plans to invest 8 billion yuan to upgrade supply chain logistics

Recently, Walmart China said that it will continue to increase investment in the supply chain logistics in China. In addition to launching the first customized Fresh Food Distribution Center in South China, Walmart plans to invest around 8 billion yuan to upgrade its supply chain logistics in China for the construction or upgrading of more than ten local distribution centers in the next two decades¹⁰.

New Huadu's new retail attempt meets setbacks, "Hai Wu Hui" to be sold at one yuan

On 27 June, New Huadu released an announcement stating that it had signed an agreement with Fuzhou Xinjie Catering Management Co., Ltd. (Fuzhou Xinjie) to transfer 51% equity interests in Fujian New Huadu Hai Wu Hui Investment Co., Ltd. to Fuzhou Xinjie at one yuan. New Huadu estimated that such transfer will incur 5.77 million yuan in losses. "Hai Wu Hui" is a joint venture between New Huadu and Xinjie, a Fujian-based catering corporation. Similar to Freshippo and YH Super Species, "Hai Wu Hui" is a new retail format combining restaurant and supermarket businesses. The first and the only Hai Wu Hui store was opened in May 2017¹¹.

Freshippo opens first store of its new retail format Pick'n Go convenience store in Shanghai

On 1 July, Freshippo opened the first store of its new retail format Pick'n Go convenience store in Gopher Center in Shanghai. It operates like a food stall offering around 20 kinds of hot food and drinks, including Chinese buns, Chinese jianbing, pizza, bread, etc. Featuring online ordering for takeaways, Pick'n Go allows customers to place orders online with their mobile app on the way to the store and pick up their orders when they arrive. It is hoped that consumers can save time for queuing especially in the morning for breakfast¹².

Freshippo launches low-priced flower stall business

On 2 July, Freshippo said that it will expand its floral business in Freshippo stores by selling flowers at a low price to attract more frequent purchases from consumers. Currently, Freshippo has already launched a flower stall in the Freshippo Shanghai Bay branch¹³.

Yonghui Superstores opens a new retail format "Market Life" in Shanghai

On 4 July, Yonghui Superstores opens a new retail format "Market Life" in Sanlin Incity in Pudong district, Shanghai. With a store size of over 4,000 sqm, "Market Life" positions itself as a modernized wet market which focuses on vegetable and fruits, as well as traditional Shanghainese food. The store is also connected to Yonghui Life app which allows consumers to place orders online and have the food delivered to their designated address¹⁴.

Apparel

Japanese apparel brand "niko and..." to debut its first China shop in Shanghai

Japanese apparel brand "niko and..." will

replace TOPSHOP to become the tenant of 775 Huaihai Road, Shanghai. It will open a 3,500-sqm flagship store, the largest in the world, by end of this year. The store will be a three-storey complex, with the first floor selling womenswear and coffee, the second for menswear, groceries, furniture, etc., and the third for catering services. The store will apply a different theme every 45-60 days to bring fresh experience to its shoppers by changing its merchandise and store display regularly¹⁵.

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