

China Retail & E-commerce

Weekly Updates

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 FUNG BUSINESS INTELLIGENCE
Asia Distribution & Retail

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Retail in general

MOFCOM to build demonstrative pedestrian streets debuting in Wangfujing

On 5 September, the General Office of the Ministry of Commerce (MOFCOM) published a proposal to drive the renovation of pedestrian streets in six aspects: planning and design, environment, commerce, smart street, culture as well as regulation and management. The MOFCOM plans to spend three years to build and upgrade 30-50 national demonstrative pedestrian streets in municipalities and provincial capitals. It has already launched a plan to renovate 10 featured demonstrative commercial streets in Beijing, including the construction of two high-end pedestrian streets at Wangfujing and Qianmen (front gate) of Dashilan¹.

CGCC, CNCIC: Tmall, JD.com and Pinduoduo rank the top among the Top 100 retailers in 2018

On 7 September, China General Chamber of Commerce (CGCC) and China National Commercial Information Center (CNCIC) jointly published the “Top 100 retailers in 2018” (Top 100s). In 2018, the total sales of the Top 100 retailers in China amounted to 7.35 trillion yuan, up 20.5% yoy, accounting for 19.3% of the total retail sales of consumer goods. Tmall, JD.com and Pinduoduo are the top players on the list. Seven enterprises from the Top 100s including Tmall, JD.com, Pinduoduo, Suning.com, Dashang Group, Gome Retail and China Resources Vanguard achieved sales of over 100 billion yuan. The report also highlighted the below trends of China’s retail market:

1. New technologies facilitate creation of new experiences and new consumer demands
2. Service consumption drives the sales of consumer goods

3. Evolution of community commerce to satisfy special needs of residents
4. Quality development of online retail market to drive consumption²

Sinopec launches private label coffee brand “Easy Coffee”

Sinopec has recently announced the launch of its private coffee brand “Easy Coffee” and opened its first store in Suzhou. The coffee shop features three series of products in different positioning – namely 92 # (black and white coffee), 95 # (fashionable special drinks) and 98 # (quality series). According to Sinopec, the store is an innovation of its new retail model of “delivery + in-store consumption” in the convenience store business of gas stations. Its business partner is Coffee Box, one of the leading domestic Internet coffee brands. Apart from selling coffee products, Easy Coffee also offers creative drinks made with special and quality ingredients sourced from all over the country including poverty-stricken rural areas by its own supply chain³.

E-commerce

Hangzhou deepens strategic cooperation with Alibaba; hopes to become China’s first city of digital economy

On 12 September, the Hangzhou municipal government announced to deepen the comprehensive strategic cooperation with Alibaba Group. It will support Alibaba’s research and development effort in cloud computing, big data and artificial intelligence and encourage the company to deploy its new technologies and models in the city. Entrenched in Hangzhou, Alibaba will continue to leverage its technological edges and business infrastructure and build the city

into China's first digital economy⁴.

Department stores and shopping malls

Lianhua to launch the country's first attractions-oriented new retail format "Lianhua Jingxuan – Banbuduo"

Hangzhou Lianhua Huashang Group Co., Ltd is reportedly launching the country's first attractions-oriented new retail format "Lianhua Jingxuan – Banbuduo", which combines retail with cultural and entertainment elements. Located in the center of Hubin Shopping Street in Hangzhou, "Lianhua Jingxuan – Banbuduo" will focus on three themes – vintage, trendy and futuristic. It will house a catering area featuring Song Dynasty style and offer various Hangzhou food in the old days. It will also house a fashion department store with cultural and creative products and adopt various technologies to provide an interactive experience for customers⁵.

Supermarkets and hypermarkets

JD.com to launch community mini-supermarket "7 Fresh Life" in December

Recently, JD.com's 7FRESH said that it will launch a new retail format – community mini-supermarket "7 Fresh Life" in December this year. It is reported that the new mini-supermarket will offer brunch and add more convenience products to meet the needs of the residents in the community. At the same time, it will trim down the portion on fresh produce in its product assortment. In addition, in 2H19, JD.com will also launch another new retail format "Qifan Supermarket" in business

districts, targeting mainly white-collar workers⁶.

Rainbow Supermarket opens its first "store-front warehouse" in Shenzhen

On 9 September, Rainbow Supermarket opened its first "store-front warehouse" in Shahe district in Shenzhen. Over 3,000 types of products, including fresh food, beverages and liquor, daily utilities, etc., will be delivered to this warehouse before dispatching to the end customers. Customers can place orders via Rainbow's mobile app and its WeChat Mini Program "Tianhong Daojia". According to Rainbow Supermarket, the Shahe warehouse aims to provide one-hour delivery service and other conveniences for people living within 3km from the warehouse⁷.

Yonghui Superstores launches a new app "Yonghui Maicai"

Recently, Yonghui Superstores has launched a new app "Yonghui Maicai". The app is currently under testing in Chongqing, and will be launched officially in October. According to Yonghui, it has already built 165 community distribution centers to offer delivery service to customers within 3km from the centers in 0.5-1 hour. Consumers can shop on the app for fresh food, vegetables and fruits, meat and fish, cleaning products, baby and maternity products, personal care products as well as home products⁸.

Freshippo and Ele.me achieve strategic integration

On 12 September, Freshippo and Ele.me, both under Alibaba Group, announced that they have achieved strategic integration – customers of Freshippo can order directly on Ele.me and enjoy delivery service within 30 minutes. This is an important step for the fresh food businesses under Alibaba to integrate

and achieve synergies. It is also a significant step for Ele.me to enrich its product offerings and strengthen its positioning in the fresh food industry⁹.

Ipien Shengxian launches community group buying Mini Program

On 12 September, fresh produce community store chain Ipien Shengxian launched a community group buying Mini Program “Ipien Huopin”. After placing orders on the group buying Mini Program, customers can collect the products at any self-pick up location on the next day, including Ipien Shengxian outlet, community store, fresh food specialty store, Cainiao Courier Station or YTO Express’ Courier Station. Currently, there are 589 self-pick up locations in five cities, namely Chongqing, Chengdu, Fuzhou, Nanjing and Wuhan. In March 2019, Ipien Shegnxian reportedly secured a Series B round of funding of 2 billion yuan led by Tencent¹⁰.

Apparel

Haier announces to set up a clothing Internet ecology base in Wuxi

On 10 September, Haier presented a “cloud platform for clothing Internet ecology” and announced to set up the base in Wuxi city of Jiangsu province. According to the introduction, the cloud platform will consolidate resources from RFID technology, blockchain, 5G telecommunication, artificial intelligence and smart manufacturing and offer solutions for the clothing Internet ecology. Haier will also align with national and international organizations in the establishment of common standards for the clothing Internet ecology. The base in Wuxi facilitates the adoption of technologies in smart factories, smart stores and smart

homes. It is understood that over 900 apparel brand stores will adopt the smart stores solutions provided by Haier’s platform¹¹.

Kids products

Semir’s childrenswear brand Balabala launches new collection featuring ancient Chinese clothing

Semir’s childrenswear brand Balabala has recently launched a new clothing collection featuring ancient Chinese clothing (Hanfu). The brand has rolled out four Hanfu-style clothing items for girls, with prices ranging from 100 yuan to 300 yuan. Balabala hopes that the boom in traditional Chinese culture will help promote Hanfu and retain its leading position in traditional Chinese garment segment¹².

Cosmetics

AmorePacific enters strategic partnership with Alibaba to speed up digital transformation

On 11 September, AmorePacific Group and Alibaba Group inked a global strategic partnership agreement in Hangzhou and jointly announced the official launch of AmorePacific X Alibaba Strategic Partnership Office in Hangzhou. Under the strategic partnership, AmorePacific will extend its collaboration with Alibaba on new product incubation, new retail marketing, consumer insight management and overseas business expansion, among other areas, leveraging Alibaba’s big data capabilities to further unleash the group’s business potential in China cosmetics market¹³.

Mary Kay joins hands with Suning Logistics for logistics services

On 10 September, U.S.-based beauty brand Mary Kay and Suning Logistics signed a strategic cooperation agreement. The two companies will cooperate in areas including enhancing synergies of online and offline warehousing, improving O2O delivery experience for customers, and pushing forward cosmetics supply chain innovations. Suning Logistics will offer various delivery services for Mary Kay, including same-day delivery, delivery at a specific time, home delivery and professional packaging¹⁴.

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