

# The Top 100 retail chain operators, 2015

## Key findings and takeaways



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Asia Distribution and Retail

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## Key takeaways

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- On 3 May 2016, the China Chain Store and Franchise Association (CCFA) released its annual list of “the Top 100 Retail Chain Operators in China” (the Top 100s).
  - Total sales of the Top 100s in 2015 were **2.1 trillion yuan, up 4.3% year-on-year (yoy)**, the slowest growth rate since 2007.
  - The top three retail chain operators ranked by retail sales were **Suning Commerce Group, Gome Electrical Appliances** and **China Resources Vanguard**.
  - By retail format, **specialty stores and professional stores saw the highest yoy sales growth at 16.1% yoy, while department stores recorded negative sales growth at -0.7%**.
  - **Some 83 out of the Top 100s had their own online stores in 2015**. 80% of them operated their own online platforms. 20 out of the Top 100s have launched their own mobile shopping apps.
  - China's cross-border e-commerce (CBEC) has been developing rapidly especially in 2015. **18 out of the Top 100s have tapped into CBEC business**.
  - The FBIC believes that slowdown in economic growth, rising operating costs and fierce competition from online retailers have and will continue to pose major challenges for the Top 100s. To get through the tough times, retails need to be more innovative and try out new business models – carrying out format revamps, engaging in multiple formats, adopting new technologies and deploying O2O strategies are some viable options.
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# Major findings

## Growth pace of the Top 100s slowed in 2015

Total sales of the Top 100s in 2015 were 2.1 trillion yuan, up 4.3% yoy. The total sales of the Top 100s increased at the slowest pace since 2007 and the growth rate was slower than for national total retail sales of consumer goods over five consecutive years (Exhibit 1). Indeed, performance of individual enterprises varied, those who can better adjust to the current environment and can cope with the changing consumer needs as well as increasing competition from online retailers demonstrated better results.

**Exhibit 1 | Performance of the Top 100 retail chain operators, 2008 – 2015**

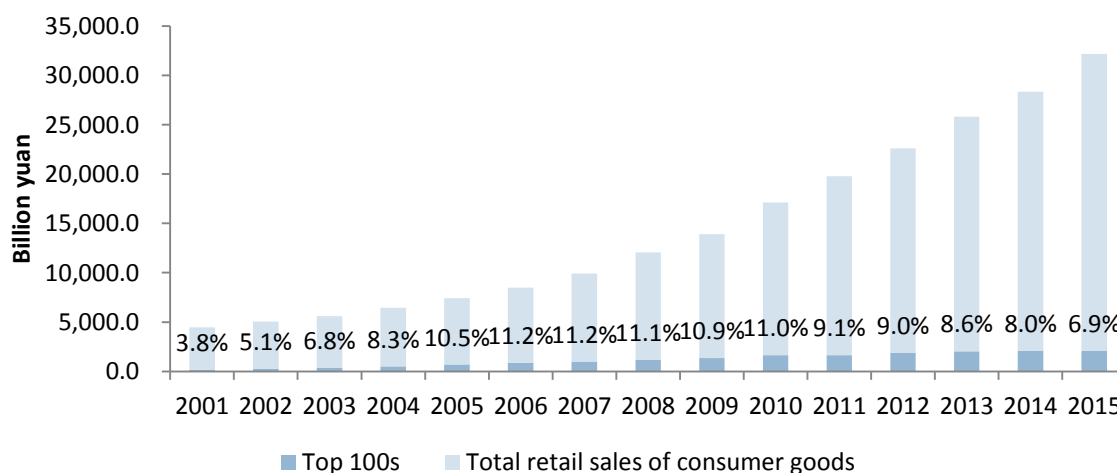
Year	Retail sales of Top 100 retail chain operators (billion yuan)	yoy growth of Top 100 retail chain operators (%)	yoy growth of national total retail sales of consumer goods (%)
2008	1,199.9	18.4	21.6
2009	1,360.0	13.5	15.5
2010	1,660.0	21.2	18.4
2011	1,650.7	20.0*	17.1
2012	1,870.0	10.8	14.3
2013	2,039.1	9.9	13.1
2014	2,096.4	5.1	12.0
<b>2015</b>	<b>2,062.8</b>	<b>4.3*</b>	<b>10.7</b>

Source: China Chain Store and Franchise Association, compiled by Fung Business Intelligence Centre

\*Adjusted growth rate

As shown in Exhibit 2, total sales of the Top 100s accounted for 6.9% of total retail sales of consumer goods. China's retail market remains highly fragmented.

**Exhibit 2 | The Top 100s' share in national retail sales, 2001-2015**



Source: China Chain Store and Franchise Association, compiled by Fung Business Intelligence Centre

Exhibit 3 shows the Top 10 retail chain operators ranked by retail sales in 2015. Suning Commerce Group ranked the top with total sales of 158.6 billion yuan, followed by Gome Electrical Appliances and China Resources Vanguard.

### Exhibit 3 | Top 10 chain retailers, 2015 (Ranked by retail sales)

Rank in 2015	Name of company	Place of Origin	Sales, pre-tax (million yuan)	yoy growth (%)	Number of stores	yoy growth (%)
1	Suning Commerce Group Co., Ltd.	 China	158,600*	24.4	1,577	-4.4
2	Gome Electrical Appliances Holding Ltd.	 China	153,686	4.1	1,932	3.9
3	China Resources Vanguard Co. Ltd. ①	 China	109,400	5.2	3,397	-17.7
4	Sun Art Retail Group Ltd. ②	 Taiwan	107,906	4.8	409	9.9
5	Wal-Mart (China) Investment Co., Ltd. ③	 US	73,547	1.6	432	5.1
6	Shandong Commercial Group Co., Ltd.	 China	63,721	-0.3	740	7.6
7	Lianhua Supermarket Holdings Co., Ltd. ④	 China	60,474	-2.1	3,912	-9.5
8	Chongqing General Trading (Group) Co., Ltd.	 China	59,438	-3.3	340	1.5
9	Yum! Brands Inc., China Division	 US	51,700	2.0	7,000	7.7
10	Yonghui Superstores Co., Ltd.	 China	49,309*	14.8	394	16.9

Source: China Chain Store and Franchise Association, modified by Fung Business Intelligence Centre

\*Note: Estimated value

① Sales of China Resources Vanguard Co. Ltd. included sales of Suguo Supermarket.

② Sales of Sun Art Retail Group Ltd. included sales of RT-Mart Shanghai and Auchan.

③ Sales of Wal-Mart (China) Investment Co., Ltd. excluded sales of YHD.

④ Sales of Lianhua Supermarket Holdings Co., Ltd. included sales of Carrefour in Shanghai.

The average gross margin for the Top 100s was 18.6% in 2015, up 0.5 percentage point (ppt) from 2014. Net profit margin was 1.8%, down 0.1 ppt from the previous year. 55% of the Top 100s recorded negative growth for net profit margin in 2015.

The yoy growth of total number of stores of the Top 100s in 2015 was 4.7%, increased slightly from 4.2% in 2014. Rising rental and labour costs continued to exert huge pressure on the Top 100s. The yoy growth of rental costs was 8.6%, while the yoy growth of labour costs was 4.2% in 2015.

## Specialty stores and professional stores saw strongest growth

Specialized stores and smaller-sized store format continued to gain traction. They can provide more products targeting specific groups of consumers, and more value-added services such as pick-up services for online orders. By retail format, specialty stores saw the highest yoy sales growth at 16.1%. Sales growth of convenience stores also stood high at 15.2% yoy. Meanwhile, department stores recorded negative sales growth at -0.7% yoy (Exhibit 4).

**Exhibit 4 | Yoy growth of the Top 100s, by retail format, 2015**

Retail format	yoy growth of sales (%)	yoy growth of number of stores (%)
Department stores	-0.7	6.6
FMCGs retailers (Mainly hypermarkets and supermarkets)	4.1	5.3
Convenience stores	15.2	9.8
Specialty stores and professional stores	16.1	n/a

Source: China Chain Store and Franchise Association, compiled by Fung Business Intelligence Centre

Exhibit 5-7 show the top department store operators, FMCG players and convenience store operators among the Top 100s respectively.

**Exhibit 5 | Top 10 department store operators among the Top 100s, 2015 (Ranked by retail sales)**

Rank in 2015	Name of company	Place of origin	Sales, pre-tax (million yuan)	yoy growth (%)	Number of stores	yoy growth (%)
1	Bailian (Group) Co., Ltd.	 China	59,436*	-0.7	40	0.0
2	Changchun Eurasia Group Co., Ltd. (Department stores, shopping malls)	 China	33,457	12.4	34	9.7
3	Yingzuo Group (Department stores, shopping malls)	 China	22,978	-0.9	73	1.4
4	Dalian Dashang Group Co., Ltd. (Department stores)	 China	21,451*	-5.2	92	12.2
5	Zhenghua Department Store Development Co., Ltd. (Department stores)	 China	21,262	4.0	34	3.0
6	Wuhan Department Store Group Co., Ltd (Department stores, shopping malls)	 China	20,907	5.8	11	10.0
7	Beijing Wangfujing Department Store (Group) Co., Ltd.	 China	20,866	-3.7	31	10.7
8	Chongqing Department Store Co., Ltd. (Department stores, shopping malls)	 China	19,887	-5.3	56	3.7
9	Intime Retail Group Co., Ltd.	 China	18,649	1.8	45	2.3
10	Rainbow Department Store Co., Ltd. (Department stores, shopping malls)	 China	18,128	6.2	65	-3.0

Source: China Chain Store and Franchise Association, modified by Fung Business Intelligence Centre

\*Note: Estimated value

### Exhibit 6 | Top 10 FMCG players among the Top 100s, 2015 (Ranked by retail sales)

Rank in 2015	Name of company	Place of origin	Sales, pre-tax (million yuan)	yoy growth (%)	Number of stores	yoy growth (%)
1	China Resources Vanguard Co. Ltd. ①	China	109,400	5.2	3,397	-17.7
2	Sun Art Retail Group Ltd. ②	Taiwan	107,906	4.8	409	9.9
3	Wal-Mart (China) Investment Co., Ltd. ③	US	73,547	1.6	432	5.1
4	Lianhua Supermarket Holdings Co., Ltd. ④	China	60,474	-2.1	3,912	-9.5
5	Yonghui Superstores Co., Ltd.	China	49,309*	14.8	394	16.9
6	Carrefour China Inc.	France	40,102	-12.3	234	-1.3
7	Better-Life Commercial Chain Share Co., Ltd.	China	31,017	14.7	577	9.9
8	Nonggongshang Supermarket (Group) Co., Ltd.	China	28,511	-3.0	2,493	-2.8
9	Wumart Stores Inc.	China	26,255	19.5	552	-2.3
10	Sinopec Group (Easy Joy)	China	24,800	44.8	25,000	4.2

Source: China Chain Store and Franchise Association, modified by Fung Business Intelligence Centre

\*Note: Estimated value

① Sales of China Resources Vanguard Co. Ltd. included sales of Suguo Supermarket.

② Sales of Sun Art Retail Group Ltd. included sales of RT-Mart Shanghai and Auchan.

③ Sales of Wal-Mart (China) Investment Co., Ltd. excluded sales of YHD.

④ Sales of Lianhua Supermarket Holdings Co., Ltd. included sales of Carrefour in Shanghai.

### Exhibit 7 | Top 10 convenience store operators among the Top 100s, 2015 (Ranked by number of stores)

Rank in 2015	Enterprise	Place of origin	Convenience store brand	No. of stores	yoy growth (%)
1	Sinopec Group	China	Easy Joy	25,000	5.4
2	PetroChina Co., Ltd.	China	uSmile	17,000	13.3
3	Dongguan Sugar & Liquor Group Meiyijia Convenience Store Co., Ltd.	China	Meiyijia	7,400	15.8
4	Guangdong Tianfu Chain Business Co., Ltd.	China	Tianfu	2,830	10.2
5	Chengdu Hongqi Chainstore Co., Ltd.	China	Hongqi	2,274	44.2
6	Guangdong Sun-high Convenience Store Co., Ltd.	China	Sun-high	2,200	6.3
7	Shanghai Lianhua Quik Convenience Stores Co, Ltd.	China	Quik	1,650	-4.0
8	C&U Group	China	Shizu; Zhishang	1,633	4.9
9	Shanghai FamilyMart Co.,Ltd.	Japan	Family Mart	1,501	17.2
10	Nonggongshang Group	China	Kedi; Alldays	1,500*	-9.5

Source: China Chain Store and Franchise Association, modified by Fung Business Intelligence Centre

\*Note: Estimated value

## More retailers embrace digital strategies

### (1) Retailers set up online platforms

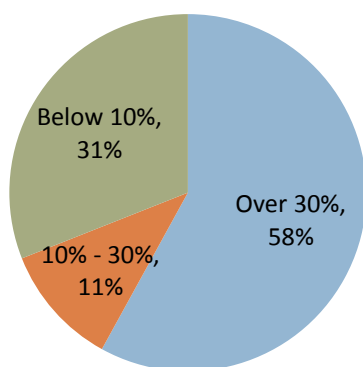
In today's digital era, many traditional retailers have set up their own online platforms. Some 83 out of the Top 100s had their own online stores in 2015, up from 75 in 2014. Online sales of these retailers reached 71 billion yuan, up by 85% yoy.

Among the retailers who have set up online platforms, 80% run their own online stores. Over 70% have two or more online platforms.

### (2) M-commerce gains in popularity

Chinese consumers are accustomed to using mobile devices throughout their shopping journey. Mobile commerce (m-commerce) is playing an increasingly important role in the e-commerce. 20 out of the top 100s have launched their own shopping app, and 58% of the Top 100s with online business revealed that m-commerce accounted for over 30% of their online sales (Exhibit 8).

#### Exhibit 8 | M-commerce sales as a proportion of the online sales of the Top 100s with online businesses, 2015

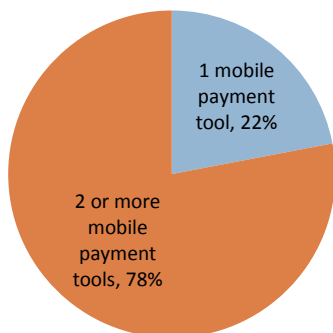


Source: China Chain Store and Franchise Association, compiled by Fung Business Intelligence Centre

### (3) Retailers enhance shopping convenience via online payment tools

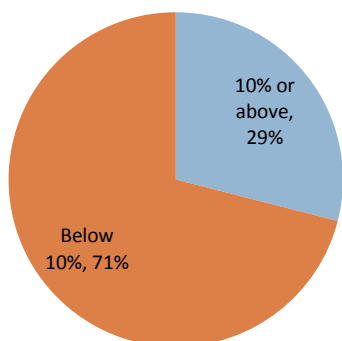
Mobile payment has been increasingly popular in China. 55 out of the Top 100s support mobile payment in their physical stores. Out of the 55 retailers, 78% support two or more mobile payment tools in their stores (Exhibit 9). 29% of the Top 100s which accept mobile payment revealed that transaction via mobile payment accounted for 10% or above of their total transactions (Exhibit 10).

### Exhibit 9 | Number of mobile payment tools accepted by the Top 100s which support mobile payment, 2015



Source: China Chain Store and Franchise Association, compiled by Fung Business Intelligence Centre

### Exhibit 10 | Transaction via mobile payment as a proportion of the total transactions of the Top 100s, 2015



Source: China Chain Store and Franchise Association, compiled by Fung Business Intelligence Centre

#### (4) Cross-border e-commerce becomes a new business opportunity for the Top 100s

China's cross-border e-commerce (CBEC) has been developing rapidly over recent years, particularly in 2015. Many retailers sell their products via CBEC platforms; it has become a popular way for retailers to transform their business. 18 out of the Top 100s have tapped into CBEC business.

At the moment, CBEC business contributes little to total retail sales of the Top 100s. Over 50% of those who have launched CBEC business revealed that CBEC accounted for less than 1% of their total retail sales.

## Domestic retailers in the Top 100s outperformed foreign players

Among the Top 100s, domestic players performed better than their foreign counterparts in 2015 in terms of sales growth. Foreign enterprises achieved 0.5% yoy growth in 2015, down from 4.7% in 2014 and lagged behind the sales growth of 4.3% for the top 100s in general. In 2015, there were 18 foreign enterprises in the Top 100 list, down from 19 in 2014. Sun Art Retail Group Ltd. continued to hold the top position, followed by Wal-Mart (China) and Yum!Brands (Exhibit 11). The three leading foreign enterprises were the same as for 2014.

### Exhibit 11 | Foreign retail chains among the Top 100s in China, 2015

Rank in 2015	Name of company	Place of origin	Sales (million yuan)	yoy change (%)	Number of stores	yoy change (%)
1	Sun Art Retail Group Ltd.①	Taiwan	107,906	4.8	409	9.9
2	Wal-Mart (China) Investment Co., Ltd.②	US	73,547	1.6	432	5.1
3	Yum! Brands Inc., China Division	US	51,700	2.0	7,000	7.7
4	Carrefour China Inc.	France	40,102	-12.3	234	-1.3
5	Metro Jinjiang Cash & Carry Co., Ltd.	Germany	19,100	1.1	82	1.2
6	A.S. Watson & Co., Ltd. (Guangzhou)	Hong Kong	18,110*	9.0	2,483	18.9
7	Parkson Retail Group Ltd.	Malaysia	18,100*	-6.9	58	1.8
8	Zhengzhou Dennis Department Store Co., Ltd.	Taiwan	18,000	4.7	378	67.3
9	Lotte Mart	South Korea	17,000*	-5.6	120	-2.4
10	C.P. Lotus Corporation	Thailand	13,690	-0.7	82	6.5
11	IKEA China	Sweden	13,070	27.9	18	12.5
12	New World Department Store China Limited	Hong Kong	12,800	-7.2	43	0.0
13	AEON Co., Ltd.	Japan	10,652	9.1	54	8.0
14	McDonald's Corporation (China)	US	10,000*	-13.0	2,300	9.5
15	Ito-Yokado Co., Ltd	Japan	6,500	-10.6	11	-8.3
16	Shanghai FamilyMart Co., Ltd.	Japan	4,940	17.1	1,501	17.2
17	Park'n Shop (China)	Hong Kong	3,882	-1.0	64	-8.6
18	Emart China	South Korea	1,250*	-30.6	8	-20.0
	<b>Total</b>		<b>440,350</b>	<b>0.5</b>	<b>15,277</b>	<b>11.1</b>

Source: China Chain Store and Franchise Association, modified by Fung Business Intelligence Centre

\*Note: Estimated value

① Sales of Sun Art Retail Group Ltd. included sales of RT-Mart Shanghai and Auchan.

② Sales of Wal-Mart (China) Investment Co., Ltd. excluded sales of YHD.



# Conclusion

The Top 100s, especially department stores and large-scale supermarkets, have experienced slower sales growth over recent years. The slowdown in economic growth, rising operating costs and fierce competition from online retailers have and will continue to pose major challenges for the Top 100s. To get through the tough times, some have cut staffing costs by reducing the number of full-time staff, while others have strived to streamline organizational structure to increase efficiency. Many have also slowed their expansion pace.

To meet the changing needs of consumers, many key retailers have actively transformed their business models and engaged in multiple retail formats. Recognizing convenience is now a major factor influencing China's quickly evolving retail landscape, some have branched out into smaller scale stores.

To adapt to the digital era, many retailers in the Top 100s have rolled out various O2O, or online to offline strategies. By embracing different types of new technologies and investing in multi-channel capabilities, retailers hope to provide a seamless, integrated and cross-channel experience for customers. We expect the interaction between online and offline operations will continue to be one of the most active underlying developments going forward. Transformation of traditional retailers will continue to accelerate.

# Reference

Please click [here](#) for the full report by CCFA (in Chinese).

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