4 March – 10 March 2016

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General Retail

**NDRC: Total retail sales of consumer goods expected to rise 11% in 2016**

During The fourth session of the 12th National People's Congress, the National Development and Reform Commission (NDRC) said it expected in 2016, the fixed-asset investment to rise about 10.5%; and China's retail sales of consumer goods to jump by 11%.

[Wallstreetcn.com, 5 March 2016](http://live.wallstreetcn.com/livenews/detail/318085) (in Chinese only)

**NBS: China’s consumer market is developing healthily**

According to the National Bureau of Statistics (NBS), China’s total retail sales of consumer goods exceeded 30 trillion yuan in 2015. China’s consumer market is ranked second in the world. Online retail sales grew 33.3% yoy to 3.88 trillion yuan. These data show that China's domestic market has strong consumption demand and has been growing continuously and steadily. Moreover, commodity consumption is shifting from basic consumption to developmental and enjoyment-based consumption, while consumption structure is shifting from food and clothing to residence and travel. Sales growth of commodity is higher in rural areas than in cities, and higher in Central and Western China than in Eastern China.


**CNCIC: Retail sales of 50 key retailers in China drop 6.2% yoy in January-February of 2016**

According to the China National Commercial Information Centre (CNCIC), retail sales of 50 key large-scale retail enterprises dropped by 6.2% year-on-year (yoy) in January-February of 2016. Among the 50 key retailers, only 7 of them recorded sales growth. By category, sales of gold and jewelry dropped by 22.6% yoy; while sales of home electronics, apparel and cosmetics were down by 7.0% yoy, 5.5% yoy and 3.8% yoy respectively. Overall speaking, the consumer market and most major categories showed a slowdown in sales growth.

Business tax to be replaced with VAT in all sectors; tax burdens to be reduced

In the report on the work of the government, Chinese Premier Li Keqiang proposed that business tax will be replaced with value added tax (VAT) in all sectors. Starting from 1 May, the scope of the VAT reform will be extended to the construction, real estate, financial and consumer service industries, and VAT deductions will cover all new immovable property of enterprises to ensure that the tax burdens on all industries are reduced. According to an earlier study by UBS Securities, replacing business tax with VAT in the four industries mentioned above means a tax reduction of about 383.6 billion yuan.

China Chain Store & Franchise Association, 7 March 2016

15 Chinese enterprises make the list of top 250 global retailers in 2016

U.S.’s National Retail Federation has announced the 250 largest retailers around the world based on data for fiscal year 2014. A total of 15 Chinese enterprises have made the list in 2015, compared with 14 in the previous year, including nine mainland enterprises, five Hong Kong enterprises and one Taiwan enterprise. The highest-ranking Chinese enterprise is Watsons Group (ranked 50th), followed by Suning Commerce Group (57th), JD.com (58th), Gome Home Appliance Group (67th) and China Resource Enterprise (71st). Vipshop, a new entry on the list, is ranked 246th.

Linkshop.com, 7 March 2016

CBRE: Mainland China remains top market in Asia-Pacific region for international retailers

According to a survey entitled How Active Are Retailers Globally? released by CBRE, Germany is the top target market for international retailers in 2016, followed by France and the U.K. Mainland China remains the top market in the Asia-Pacific region, followed by Hong Kong and Japan. The survey also showed that 56% of international retailers indicated that the rise in real estate cost is the biggest challenge for their store expansion, followed by unclear economic prospects (42%). 83% of retailers suggest that their physical store expansion plans will not be affected by the growth of e-commerce, while only 22% of retailers are concerned about stiff competition from online retailing as a threat to their business.

Linkshop.com, 10 March 2016
Numerous South Korean products to be sold in offline stores in Chinese tier 2 and tier 3 cities

South Korean trading company B2Link has reached a cooperation agreement with Beijing Kuai Hong Technology, a Chinese O2O retail service provider. Kuai Hong will provide sales channels in tier 2 and tier 3 cities in China for B2Link, helping South Korean brands (mainly cosmetics and baby product brands) on the B2Link platform to sell in offline stores in China. Kuai Hong will leverage its 35,000 online and offline stores to provide customer traffic to South Korean products. The South Korean products will be sold in two ways: on-site sales and O2O (the products will be directly shipped to consumers from South Korea after the consumer placed online orders).

Ebrun, 4 March 2016

E-commerce

China completes drafting e-commerce law to regulate e-commerce market

Deputy Director of the National People’s Congress (NPC) Finance and Economic Committee said that the committee has completed a draft version of China’s first e-commerce law. The draft will be submitted as early as possible to the Standing Committee of the NPC for further reading. He said that the legislation of the e-commerce law has taken a problem-oriented approach, setting up regulations over the responsibilities of e-commerce entities, safety of transaction and services, data and information protection, consumer rights protection, market order, fair competition and so on.

China Chain Store & Franchise Association, 10 March 2016

China plans to expand trials in cross-border e-commerce and support enterprises in developing overseas warehouses

Chinese Premier Li Keqiang delivered the report on the work of the government and said that China will develop innovative ways to promote foreign trade. First, the government will move faster to improve and implement policies. It will improve the structure of export tax rebate rates, and ensure rebates are paid promptly and in full. Second, the government will encourage innovative business models. It will expand trials in cross-border e-commerce, support enterprises in developing overseas warehouses for export products, and promote the development of enterprises that provide comprehensive foreign trade services. China will also improve the trade mix and further facilitate trade. Moreover, China will accelerate implementation of the free trade strategy. It hopes to actively negotiate and sign the Regional Comprehensive Economic Partnership agreement, and speed up negotiation on the establishment of the China-Japan-South Korea free trade zone.

Linkshop.com, 7 March 2016
Pilot scheme for cross-border import e-commerce in Tianjin City kicks off

The pilot scheme for cross-border import e-commerce in Tianjin City has been launched. The Dongjiang Port Zone of Tianjin Port has also processed the application of Tianjin’s first batch of cross-border import e-commerce goods imported via the “bonded area import” model. At present, the port zone provides 150,000 sqm of warehouses for cross-border import e-commerce businesses. A subsidiary company of Tianjin Port also plans to build new warehouses of 180,000 sqm, which will be put to use in phases from 4Q16. Moreover, the Tianjin Public Clearance Services Platform has integrated the systems among e-commerce platforms, payment enterprises, courier companies and logistics service providers to improve the efficiency and accuracy of clearance operations.

Ebrun, 4 March 2016

Guangdong expands rural e-commerce development to cover all administrative villages in the province by 2020

Guangdong Provincial Government has released an action plan for promoting rural e-commerce development in Guangdong Province, with the aim of exploring the implementation of the ”Internet plus rural villages” and ”Internet plus modern agriculture” strategies. The action plan proposes to build 50 county-level e-commerce industrial parks and 100 town- and township-level e-commerce operation centers in the province by 2020, so that rural e-commerce service centers can cover all administrative villages in the province. E-commerce sales of agricultural products shall grow at over 30% annually. The government will nurture the development of five rural e-commerce enterprises with annual sales revenue over 1 billion yuan, 20 enterprises with annual sales revenue over 100 million yuan and 100 enterprises with annual sales revenue over 50 million yuan. It will also build three to four state-level rural e-commerce demonstration bases.

Ebrun, 8 March 2016

Complaints about online shopping make up 70% of total complaints in 2015

According to the e-commerce data released by Beijing Municipal Administration for Industry and Commerce (BAIC), consumers made 88,534 complaints about online shopping in 2015, accounting for 71.92% of total complaints, up 13.89% year-on-year (yoy). Of those complaints, 67,240 cases have been resolved. Consumers also reported 7,541 cases about online shopping, accounting for 31.19% of the total cases, up 16.95% yoy.
BAIC said that consumers mainly complained about consumer contracts, advertising and promotion, product quality, after-sale service and consumer rights protection. They mainly reported on misleading advertising, delay in delivery, counterfeit or substandard products, etc.

Linkshop.com, 10 March 2016
AliExpress to roll out mobile Spring promotion

AliExpress will launch a four-day mobile-based Spring promotion from 29 March to 1 April. AliExpress will attract online customer traffic for the event through various means: major overseas search engines, video sites and social media, web portals and vertical sites in key countries, and offline media such as print media, road signs, radio and television in key countries. Meanwhile, AliExpress will also use the recommendation section on its site to provide customer traffic for sellers.

Ebrun, 3 March 2016

Australian food supplement brand Swisse Wellness opens store on Tmall Global

Swisse Wellness, Australia’s largest food supplement company, has opened an official overseas flagship store on Tmall Global. The store will mainly offer vitamins, food supplements, skin care products, etc. It has joined Tmall Global’s Queen’s Day promotion on 8 March and launched a series of grand opening promotion activities. Currently, the products sold on the flagship store will be directly delivered from overseas.

Ebrun, 8 March 2016

Global Top E-Commerce reports operating revenue of 3.9 billion yuan in 2015 after transition to cross-border e-commerce business

Global Top E-Commerce announced its preliminary financial data for 2015. Operating revenue surged 368.8% year-on-year (yoy) to 3.94 billion yuan. Operating profit increased 344% yoy to 200 million yuan. Total profit rose 320.4% to 200 million yuan. In June 2015, Baiyuan Trousers was renamed Global Top E-Commerce and it designated cross-border e-commerce as its main business. In July, it started to conduct e-commerce import business via KJT.com.

Ebrun, 8 March 2016
Department stores and shopping malls

11 shopping centers of Nanjing Central Emporium Group to join Feifan

Feifan, a mobile app service provider for physical business entities, announced a strategic partnership with Nanjing Central Emporium Group. The 11 shopping centers of Nanjing Central Emporium Group will join the Feifan open platform. Feifan will leverage Internet technology to build IT infrastructure such as Wi-Fi and Beacon for these shopping centers, providing parking information, currency exchange, queuing notification, movie tickets purchasing and other services. These services can enhance the offline shopping experience of consumers. Feifan will also share membership data, loyalty program, big data and other Internet resources with these shopping centers.


Chengdu Intime City joins Miao Street

Chengdu Intime City has joined Miao Street, Alibaba's "Internet plus" platform for physical business entities. This also marks Miao Street's expansion into Chengdu after its entry in tier 1 cities like Hangzhou and Shanghai. 70% of the stores (or 94 stores) in Chengdu Intime City have joined the Miao Street platform. The collaboration will help the shopping center and its merchants enjoy services such as smart shopping, precision marketing, diversion of online traffic, mobile payment and membership data analysis. These can enhance operational efficiency of the shopping center and business environment of the merchants, thereby improving consumer's shopping experience.


Supermarkets and hypermarkets

Hongqi Chain completes acquisition of Huhui Supermarket for over 400 million yuan

Chengdu Hongqi Chain announced that it has basically completed its acquisition of Chengdu Huhui Supermarket for over 400 million yuan. Because of the poor quality of assets and stores of Huhui Supermarket, Hongqi Chain will pay 30.23 million yuan less after negotiation. Hongqi Chain said that it will restructure and upgrade the stores of Huhui Supermarket. Hongqi Chain announced in July 2015 that it would acquire a 100% stake in Huhui Supermarket for 423 million yuan.

Luxury market

Prada makes 20% price cut in outlets in Mainland China

Prada has slashed the prices of selected products in its outlets in Mainland China by as much as 20%. Some products will be priced nearly the same as in Hong Kong. Analysts said that price cut is the only way out for luxury brands as they are faced with the dilemma of choosing between a tarnished brand image and falling sales. Analysts predicted that the price difference of luxury goods between China and overseas markets will be basically removed in three to five years, or even in one to two years.

Outletscn.com, 9 March 2016
The Fung Business Intelligence Centre collects and analyses market data on sourcing, supply chains, distribution and retail. It also provides thought leadership on technology and other key issues shaping their future.

Headquartered in Hong Kong, FBIC leverages unique relationships and information networks to track and report on trends and developments in China and other Asian countries. In addition, its New York-based Global Retail & Technology research team follows broader retail and technology trends, specialising in how they intersect and building collaborative knowledge communities around the revolution occurring worldwide at the retail interface.

Since its establishment in 2000, the FBIC (formerly known as the Li & Fung Research Centre) has served as the knowledge bank and think tank for the Fung Group. Through regular research reports and other publications, it makes its market data, impartial analysis and expertise available to businesses, scholars and governments around the world. It also provides advice and consultancy services to colleagues and business partners of the Fung Group on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

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