

China Retail & E-commerce

Weekly Updates

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Teresa Lam

Vice President

E: teresalam@fung1937.com

T: (852)2300 2466

Fung Business Intelligence

10/F LiFung Tower

888 Cheung Sha Wan Road

Kowloon, Hong Kong

T: (852) 2300 2470

F: (852) 2635 1598

E: fbicgroup@fung1937.com



E-commerce



Alibaba's first shopping mall "Qinchengli" to open in April

Alibaba's first shopping mall "Qinchengli" will be opened in end-April in Alibaba's Xixi Campus in Hangzhou. It is now under renovation. With a gross area of 40,000 sqm, the mall has five storeys. New retail formats and applications such as Hema Xiansheng, Tmall Global, Tmall Genie, Taobao ACG, and Alibaba Kitchen can be found in the mall, while traditional retailing and services companies such as Starbucks, McDonald, Grandma's Home, English First, Emei Cinema will be available too¹.

Alibaba to invest a further US\$ 2 billion in Lazada

On 19 March, Alibaba Group said it will inject a further US\$2 billion into Lazada as part of the group's ongoing effort to accelerate Southeast Asia's e-commerce development and to deepen Lazada's integration into the Alibaba ecosystem. This will bring Alibaba's total investment in Lazada to US\$4 billion in total. In 2016, Alibaba acquired control of Lazada with an investment of US\$1 billion; it further boosted its stake to 83% in 2017 with another investment of US\$1 billion. Lazada is a Southeast Asian online shopping giant which operates in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. Lazada helps more than 145,000 local and international sellers as well as 3,000 brands serve the 560 million consumers in the region².

Alibaba launches Taobao Special Offers app which focuses on selling low-priced goods

Recently, Alibaba has launched an app called Taobao Special Offers to compete with Pinduoduo, a fast-growing e-commerce platform focusing on low-priced, best-selling small products. Taobao Special Offers app mainly focuses on selling low-priced goods in small volume³.

Alibaba Cloud operates in Indonesia to promote local digital economic development

Alibaba Group announced that Alibaba Cloud has officially opened its operations in Indonesia. It is reported that this is the 18th region in which Alibaba Cloud has opened its service worldwide. Alibaba Cloud will provide flexible computing, database, network security, artificial intelligence etc. for the Indonesian market, and provide e-commerce, media, and financial technology to meet the needs of digitalized transformation in industries such as gaming, transportation, and manufacturing. At the same time, Alibaba Cloud will also support local talent development. It plans to open cloud computing training courses for local IT technicians in the coming year and provide technical support for the incubation of 1,000 local startups by 2020⁴.

Tmall and Shanghai Fashion Week to jointly launch the first "cloud fashion week" globally

On 20 March, Tmall announced a strategic cooperation with Shanghai Fashion Week to launch the first "cloud fashion week" globally. With cloud computing technologies, the order method of fashion week can be digitalized; all products and buyers information can be stored in the cloud database. Meanwhile, face

recognition technology, 360-degree videos and images with full HD for customers to “see now, buy now”, as well as robot fashion buyer will be available in the venue too. Tmall will bring this idea of “cloud fashion week” globally, and the cloud computing technologies will also be launched in New York Fashion Week Spring/ Summer 2018⁵.

Ant Financial and Emttek jointly launch e-wallet service “DANA” in Indonesia

Ant Financial and Indonesia media giant Emttek jointly launched the e-wallet service “DANA” in Indonesia. Indonesian consumers can use the e-wallet to settle payments, utility bills and installment payment. DANA, known as the Indonesian version of Alipay, will provide digital payment and financial services experience to more than 50 million users of BBM, the second largest social media platform in the country. It is understood that DANA will also appear on local e-commerce platform Bukalapak and movie ticketing platform Tix.ID. Later on, consumers can use DANA to buy flight tickets, settle payment at physical stores, etc⁶.

JD.com forms partnership with Meili Inc. to launch social selling channel “Weixuan” on WeChat

On 16 March, JD.com and fashion e-commerce platform Meili Inc. jointly launched social selling channel “Weixuan” on WeChat. Currently, Weixuan has been presented on the shopping page of JD.com’s WeChat Discovery. It is reported that in January 2018, JD.com and Meili Inc. set up a joint venture company to build and operate an e-commerce platform on WeChat⁷.

JD.com launches art channel

On 20 March, JD.com launched its art channel (art.jd.com). Together with leading art organizations in China, the channel provides a platform for art consumption in China. JD.com said that “the new middle class of the post-80s and post-90s generations becomes the major growth drivers of China’s consumption. They are willing to spend more money and time on cultural and art consumption.”⁸

JD Worldwide signs MOC with National Quality Monitoring Center of Cross-border E-commerce

On 14 March, JD Worldwide signed a Memorandum of Cooperation (MOC) with National Quality Monitoring Center of Cross-border E-commerce. Both parties will establish a quality co-governance cooperation mechanism and establish a sound cross-border e-commerce product quality management system to protect consumer rights. According to the MOC, the cooperation includes five areas to perfect the mechanism, including data exchange, risk prevention and control, strengthening cooperation to handle risks, technology exchange, and information sharing with the public⁹.

Tencent to set up AI robotics laboratory “Robotics X”

On 15 March, Tencent announced its three core AI initiatives in 2018, namely, to make AI usage and applications common to everyone; to set up “Robotics X”, an AI robotics lab, connecting the virtual world and the real world; and to continue its focus on “AI + medical initiative”, i.e. application of AI technology in the medical sector¹⁰.

Tencent: Nearly half of 2017 revenue comes from online games

On 21 March, Tencent announced its 4Q17 financial results. The financial report shows that Tencent's annual revenue was 237.76 billion yuan, an increase of 56% yoy; total revenue for 4Q was 66.392 billion yuan, an increase of 51% yoy. Among them, online game revenue increased 32% to 24.367 billion yuan, social network revenue was 15.580 billion yuan, online advertising revenue was 12.361 billion yuan, and other business income was 14.084 billion yuan¹¹.

Suning releases its FMCG strategy; to build 100 brands with over 100 million sales in the next 3 years

Suning officially launched its latest FMCG strategy. Suning mentioned in the next three years, the company would like to incubate at least 20 FMCG unicorn brands and will build at least 100 brands with over 100 million sales. Moreover, Suning Xiaodian will open 5,000 stores, set up 200,000 groups of unmanned shelves and 20,000 self-service vending machines in 246 Chinese cities; while for Red Baby, the number of stores will exceed 1,000 in the next three years, and Red Baby will soon enter the Suning Direct Sales Store and is set to have full coverage in tier-1 to tier-6 cities¹².

Department stores and shopping malls

Aeon to develop unmanned stores and smart shopping malls in China

Japanese retailer Aeon's subsidiary Aeon Delight will form a joint venture company with Deep Blue Technology (Shanghai) Co., Ltd to develop new models for stores powered by artificial intelligence, cashierless stores and smart shopping malls in China. The company

also hopes to apply the consumer data collected on store operation and management of product lines. Aeon will invest about 100 million yen in the joint venture company, taking a 65% stake. The new technology will be initially applied to Aeon's store in China, and Aeon may further explore opportunities to export the technology to third-parties. Currently, Aeon operates about 430 supermarkets and convenience stores in China¹³.

Supermarkets and hypermarkets

Yonghui sets up official flagship store on JD.com

On 20 March, Yonghui Superstores announced that its flagship store has officially opened on JD.com. In terms of product categories, Yonghui's online store in JD.com has less than 300 SKUs, including Yonghui's own private labels of milk, tissues, and toiletries products. This is a further cooperation between Yonghui and JD.com after Youghui launched on JD Daojia two years ago¹⁴.

Over 200 stores of Better Life connect to JD Daojia

Better Life and JD Daojia announced to strengthen cooperation. Better Life's over 200 stores in cities including Changsha, Nanning, Chengdu and Chongqing will soon be connected to JD Daojia platform. The two companies will strengthen cooperation in areas including merchandise, inventory management, and promotional activities, and will open up the membership systems to each other, and set up large warehouses in physical stores. Earlier in end-February, Better Life, Tencent and JD.com signed the

"Strategic Cooperation Framework Agreement"; the three parties will jointly develop smart retail and seamless retail¹⁵.

Convenience stores



Benlai Jishi rolls out smart convenience store "Morning Go" in Beijing

One-stop smart solution provider Benlai Jishi has officially entered the smart retail market by launching its own convenience store brand "Morning Go". Located at Zhongguancun Venture Technology Street in Beijing, the store was officially opened on 20 March. The store has installed AI-aided vending machines, which are jointly developed by Benlai Jishi and AI technology company Deep Blue Technology (Shanghai) Co., Ltd. The vending machine utilizes image recognition technology to identify goods and people – the door of the convenience store will be automatically opened once customers wave their hands; customers can pick the products they want to buy and payment will be automatically deducted once the customers leave the store and the door closes. Benlai Jishi targets to open 3,000 Morning Go smart convenience stores in Beijing this year¹⁶.

Apparel



Semir gets licensing rights of THE CHILDREN'S PLACE in the Greater China region

On 20 March, domestic apparel brand Semir announced that it had signed an exclusive

licensing agreement with U.S. kidswear brand THE CHILDREN'S PLACE for distributing its products in Mainland China, Taiwan, Hong Kong and Macau. In the agreement, the two parties will jointly work on product design and development, supply chain, sales channel distribution, and sales strategy, etc. During the agreement period, Semir is authorized to use the kidswear brand's trademark, other intellectual properties and technical know-how in the region. Semir will also source relevant products from THE CHILDREN'S PLACE; and will also develop, manufacture and distribute its own kidswear products which are customized for China market. With an annual revenue of more than 12 billion yuan, THE CHILDREN'S PLACE is the largest kidswear retailer of all ages in North America, operating 1,200 direct and franchised distribution points in 22 countries, including the U.S.¹⁷.

Home products



Tmall and Liangjiaju to jointly open smart stores

China's home product one-stop solution provider Liangjiaju announced that it will have further cooperation with Tmall on big data usage and opening of smart stores. It is revealed that in the first phase of cooperation, the two parties will mainly work on product development; and in the second phase, the two parties will start rolling out smart stores by deploying Alibaba's black technologies including facial-recognition technology, augmented reality/ virtual reality, e-manuals, etc. to enhance customers' shopping experience. Customer data collected at the store will be sent to the data bank of Alibaba for consolidation and further analysis; Liangjiaju can then make use of the data for

product and service planning¹⁸.

Cosmetics

Crabtree & Evelyn launches on Tmall Global

On 16 March, U.K. beauty brand Crabtree & Evelyn officially opened its overseas flagship store on Tmall Global. Currently, Crabtree & Evelyn has listed its four signature product series in the Tmall store, including the Gardeners, Evelyn Rose, La Source and Goatmilk & Oat¹⁹.

Skincare brand DARPHIN officially debuts in China

Estée Lauder announced that its high-end aromatherapy skin care brand, DARPHIN, officially launched in China and on Tmall. Following the fragrance brand Jo Malone and designer brand Tom Ford, this is another prestige brand Estée Lauder launched in Tmall. Founded in 1958, DARPHIN has always been dedicated to providing female consumers with pure botanical extracts and high-quality skincare products²⁰.

Male grooming brand Old Spice enters China

Old Spice, a male grooming brand under P&G has launched in China in March. Currently the brand's products are available on online platforms such as Tmall and JD.com. This is the first time Old Spice enters the China market. Six signature body wash products are available in China and they are all imported directly from the U.S²¹.

Mariedalgar teams up with Tmall to launch pop-up store

China's cosmetics brand Mariedalgar teamed up with Tmall to operate a pop-up store in Shanghai's Cloud Nine Shopping Mall during 7 - 11 March, aiming to bring new retail shopping experience to consumers with the support of "black technologies". Consumers could experience new retail technologies including virtual makeup mirrors, cosmetics vending machines, and AR interactive games in-store²².

Luxury sector

Miu Miu Disco pop-up store opens in Nanjing

Italian luxury brand Miu Miu has launched a new Miu Miu Disco pop-up store in Nanjing Deji Plaza during 16 - 25 March. This store is designed with a disco theme and features a selection of attractive handbags, shoes, small leather accessories and jewelry collections²³.

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