

China Retail & E-commerce

Weekly Updates

20 Apr 2018 – 26 Apr 2018



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Retail in general



Total retail sales of China's 100 key large-scale retail enterprises increases by 3.3% yoy in 1Q18

According to the statistics from the China National Commerce Information Center, the retail sales of the 100 key large-scale retail enterprises nationwide increased by 3.3% yoy in 1Q18, up 0.6 ppts yoy. In terms of major categories of goods in the first quarter, the apparel market performed more prominently than other categories, and the retail sales increased by 8.1% yoy in 1Q18, up 7.9 ppts yoy. The retail sales of cosmetics increased by 10.4% yoy, which was 2.6 ppts higher than in the same period of last year. The total retail sales of daily necessities increased by 1.4% yoy, and the growth rate was 0.6 ppts higher than in the same period of last year¹.

E-commerce



Tmall Global opens first offline store for cross-border e-commerce

Tmall Global opens its first offline store for cross-border e-commerce on 20 April in B1F West Lake Intime City in Hangzhou with a store size of around 300 sqm. All the products sold in the store are bonded imported products sourced directly by Tmall Global; the products are selected according to the big data of consumer profile within 5 km of West Lake Intime City. 3,700 SKUs from over 70 countries are offered including cosmetics and personal care products, kids products, toys, healthcare products, wines, and bags and

accessories. All products carry an electronic tag to ensure the price is the same online and offline. Customers can simply scan the QR code and purchase via their Taobao mobile app².

Tmall launches first unmanned bookstore in Shanghai

Recently, the first Tmall unmanned bookstore, "Zhida Bookstore – Tmall's Future Store" was opened in Fudan University in Shanghai. With a floor area of 94 sqm, the unmanned bookstore offers more than 6,000 books, covering a wide range of categories including literature, fiction, and social sciences. Customers who enter the bookstore can carry out "facial scanning" and then register will their Alipay account. Each book in the store is embedded with a price tag. After the customers select the books they want to buy, they can simply walk out the payment channel; the system will automatically settle the payment³.

Dangdang.com's first offline store in Shanghai to open at Bailian UMAX

Dangdang.com's will open its first offline store in Shanghai, "Time Station", in Bailian UMAX during the Labour Day Golden Week period. The 3,000-sqm store spans across the first and second floor of Umax. It has been renamed from "Dangdang Station" to "Time Station". Different from a traditional bookstore, Time Station positions itself as a "new retail" concept bookstore, featuring various reading scenarios to satisfy readers with different reading habits. In addition to selling books, it also incorporates other formats including café, art gallery, lifestyle select shop, etc⁴.

JD.com opens third "Joy Space" unmanned store in Shenzhen to sell mobile devices

Following the opening of the pop-up stores in Guangzhou and Shanghai, JD.com opened its third unmanned pop-up store “JOY SPACE” in Shenzhen OCT Harbour from 21 – 27 April focusing on selling mobile devices. 39 models of smartphones from Huawei, Samsung, OPPO, Xiaomi, etc. can be found in the store. Similar to other “Joy Space” stores, this store is equipped with face recognition technology and unmanned shelves. Customers can view and buy various mobile device accessories in the pop-up store. After choosing the products they wish to purchase, customers can pay by scanning their face at the exit. JD.com expects to open “JOY SPACE” pop-up stores in more than 30 cities in 2018⁵.

JD.com launches Kepler Mini Program Solution officially

On 24 April, JD.com announced the official launch of its Kepler Mini Program Solution in Beijing, which marks an important milestone for the transformation of JD.com from a participant in social e-commerce to a solution provider of social e-commerce. Kepler Mini Program Solution offers solutions for brands which have not entered JD.com but wish to sell on WeChat platform to launch a virtual store via WeChat Mini Program. JD.com will provide resources for brands covering marketing, logistics, financial services and big data. JD.com’s Kepler Mini Program Solution was launched as a pilot in early 2016, over 2,000 brands and merchants have joined the program to date⁶.

E-commerce logistics



Suning Logistics sets up green packaging laboratory to provide shared solutions for the industry

Suning Logistics announced the establishment of a green packaging laboratory. This year, it will distribute 200,000 shared express boxes in 13 cities across the country. It is reported that the major task of Suning's Green Packaging Laboratory is to reduce the use of cartons, buffers, and paper sheets through innovative research on packaging structures, packaging forms, and package methods, thereby realizing cost reduction and efficiency enhancement. According to Suning, Suning Green Packaging Laboratory and its partners will handle at least 2 billion green packaging products by 2020⁷.

Department stores and shopping malls



Hi Department Store opens unmanned shop at Guangzhou Grandview Mall

Recently, “Hi-Smart unmanned department store” was opened in Guangzhou Grandview Mall. Located in Hi Department Store on the fourth floor of Grandview Plaza, the Hi-Smart unmanned department store is jointly created by Hi Department Store and the unmanned technology brand Smartcode. It covers an area of about 130 sqm, selling products from more than 20 online stores of popular KOLs, covering mainly intelligence and home products. Unlike other unmanned stores, consumers can enjoy free access to the shopping area without downloading an app or obtain prior authorization. Each product has a unique QR code. Consumers can simply scan the product QR code to enter the “Hi-Smart Department Store” on WeChat mini-program and purchase the product accordingly⁸.

Xi'an's first SKP to soft launch on 28 April

Beijing Hualian Group's first SKP store outside Beijing will have the soft opening on 28 April

in Xi'an. Xi'an SKP Shin Kong Place is located in Nanguanzheng Street, Beilin District, with a commercial construction area of 260,000 sqm. It is reported that the Xi'an SKP project is positioned as a cultural experience center in the northwestern region and is a large-scale urban cultural complex. In addition to maintaining consistent business standards and brand positioning with Beijing SKP, Xi'an SKP brings more innovative ideas to Xi'an, including a large area of non-retail space, such as the 3,000-sqm fashion exhibition center, various themed restaurants, large-scale experiential bookstores, SKP international cinema, etc⁹.

Rainbow forms strategic partnership with Tencent to establish smart retail laboratory

On 25 April, Rainbow Department Store Co. Ltd. and Tencent signed a strategic cooperation agreement in Shenzhen. Both parties aimed at leveraging their advantages in their respective industries, focusing on in-depth cooperation in areas including digital and smart retail. The first cooperation project between the two companies, the "Rainbow & Tencent Smart Retail Laboratory" will focus on innovative technology applications and sustainable development models in technology, channels, big data, supply chain, business management, etc., providing technical support and demonstration experience for both companies¹⁰.

Supermarkets and hypermarkets



Better Life sees revenue and net profit increase for 2017; total number of stores exceeds 300

Recently, Better Life released its 2017

financial results. During the period of January to December 2017, the company achieved operating income of 17.25 billion yuan, up 11.54% yoy. Net profit attributable to shareholders of the listed company was 146 million yuan, up 10.36% yoy. In the future, Better Life will expand its businesses in small and medium-sized cities, and develop both online and offline businesses via intensive store openings, multi-format business operation, cross-regional development, and incorporation of digital smart retail. In 2018, Better Life will continue to accelerate the pace of store openings; at the same time, it will upgrade the existing stores and explore new formats¹¹.

Hema Xiansheng opens first store in Northwestern China in Xi'an

On 28 April, Hema Xiansheng will open its first store in Northwestern China in Xi'an. With a store size of around 5,000 sqm, the store will be located in B1F of Taibai Road Yinxiang Cheng. Hou Yi, Founder of Hema Xiansheng said that Xi'an will be one of the strategic cities of Hema Xiansheng. It targets to open eight to ten Hema Xiansheng stores in Xi'an in 2018¹².

Convenience stores



Xiaomai signs strategic cooperation agreement with Tianjin government; to open 1,500 unmanned stores in Tianjin by 2020

Unmanned store operator Xiaomai and Tianjin Hexi District Government signed a strategic cooperation agreement on 25 April. The two parties will work together on the standards for unmanned stores in terms of product quality, food safety and service in order to provide a

convenient life for residents with smart retailing. Xiaomai unmanned stores usually locate in offices and residential areas with a store size of over 20 sqm. Customers need to scan their face to enter the store after registration. They can simply scan the product QR codes and pay with mobile payment tools before they leave the store. Xiaomai expects to open 1,500 unmanned stores in Tianjin by 2020¹³.



JNBY unveils new menswear brand “SAMO”

On 20 April, JNBY announced that it has launched a new menswear designer brand SAMO in China. The philosophy of the new menswear brand is “Simplified, but better”; and it targets professional male customers. SAMO’s design focuses on elegance, simplicity, charming and versatility. Currently, JNBY has seven sub-brands including JNBY, CROQUIS, jnby by JNBY, less, Pomme de terre, JNBYHOME, and SAMO, covering menswear and womenswear, childrenswear, and home furnishings¹⁴.

JD.com and Hongdou sign unbounded retail strategic agreement

Recently, JD.com and Hongdou, one of the major domestic menswear brands in China, signed an unbounded retail strategic agreement – the first of its kind in the fashion retail industry. Under this agreement, the two companies will jointly work on areas including unbounded retail cooperation, setting up smart stores, and brand communication, etc.; the two companies will also share big data to achieve precision marketing and boost up Hongdou’s sales. It is reported that JD.com

and Hongdou will jointly build a smart branded flagship store, featuring JD.com’s advanced technologies. The store will utilize technologies such as drone delivery, and explore the incubation and application of new technologies in offline scenes¹⁵.

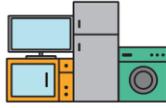
Kerr&Kroes and Alibaba open first smart store in Shanghai

Domestic womenswear brand Kerr&Kroes opens an offline multi-brand smart store in Shanghai Joy City on 21 April. The store has a area of 1,600 sqm and targets female consumers aged 18-35. 50% of the total store offerings are womenswear; 20% are home products; snacks, restaurants and baby and maternity skincare products each account for 10% respectively. Kerr&Kroes collaborates with different brands on Tmall and charges them a commission to enter the offline store. Performance of brands will be reviewed every three months. The smart store is equipped with smart shelves, virtual fitting rooms, magic mirrors for virtual makeup, face recognition payment systems, interactive games and AR scanning functions. Kerr&Kroes hopes to open seven to ten stores in tier-1 cities, reaching a total store area of 10,000 sqm in 2018¹⁶.

Decathlon announces China’s performance for the first time: sales in 2017 reaching 10.5 billion yuan

On 25 April, Decathlon, the global sporting goods retail giant, released its performance in China market for the first time. According to Decathlon’s published data, Decathlon’s retail sales in China reached 10.5 billion yuan in 2017, the first time in 15 years in China to breakthrough 10 billion yuan. There were 52 new stores opened in 2017, making China its fastest growing market of new stores in the world. To date, Decathlon has 267 physical stores in approximately 100 cities in China¹⁷.

Consumer electronics



Suning opens first "Suning Jingxuandian"

Recently, Suning opened its first "Suning Jingxuandian" in its headquarters. The new store is an integration of various new retail formats from Suning, including Suning Jiwu and Suning Xiaodian. In terms of product categories, the store sells merchandises include consumer electronics, maternity and kids products and fresh fruits. The store also provides catering services. Since 2018, Suning has accelerated the development of smart retailing, including Suning Jingxuandian, Suning Cloud Store, Suning Direct-sales Store, Suning Redbaby, and Suning Xiaodian¹⁸.

Cosmetics



China becomes the fastest growing region in L'Occitane's financial report 2018

French skincare brand L'Occitane recently released its financial results for the financial year ended 31 March, 2018. Affected by fluctuations in exchange rate, L'Occitane's total sales dropped by 0.3% yoy to 1.3 billion euros. Its sales in China increased by 14.5% yoy to 159.1 million euros, which makes China the fastest growing region of the brand¹⁹.

Innisfree and Tencent jointly open a smart beauty store in Shanghai

On 25 April, Innisfree and WeChat Pay jointly opened a smart beauty store in Metro City in Xujiahui, Shanghai. This is the first attempt of WeChat Pay in the beauty industry. In the

smart store, there are numerous smart devices providing services including "instant make-up", "smart skin test", product recommendation, payment by facial recognition, etc. In the next few months, Innisfree expects to open more smart beauty stores in several cities in Southern China with higher usage of WeChat Pay²⁰.

Luxury sector



Valentino to open physical and virtual pop-up stores simultaneously

Italian luxury brand Valentino will open a Candystud pop-up store in Sanlitun, Beijing as well as a virtual pop-up store at Tmall Luxury Pavilion simultaneously on 27 April. With the adoption of Tmall's advanced VR technology, the online pop-up store allows consumers to enjoy online shopping just like shopping at real physical store, which is indeed the online version of Valentino's physical pop-up store at Salitun. In addition, the luxury brand will launch two limited edition handbags from the Candystud collection to celebrate the cooperation with Tmall Luxury Pavilion²¹.

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