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Alibaba unveils a sample created for its VR shopping project “Buy+” in Shanghai

GM Lab (GnomeMagic Lab), Alibaba’s lab for virtual reality (VR) research, showcased a consumer-testing sample created for Alibaba’s VR shopping project “Buy+” in Shanghai for the first time. Buy+ provided two shopping scenes for users to experience, including the purchase of ladies’ handbag and men’s and ladies underwear. With the VR headset and controller, users can pick merchandize, check product details or have models to try them on in the virtual mall. In Alibaba’s demo video, it is revealed that Buy+ will introduce functions such as virtual fitting and 3D model of furniture. Buy+ will be connected with a payment system, such that customers will be able to finish the whole buying process in a VR environment. Currently, Buy+ is still under development 1.

JD Worldwide signs partnership agreement with Trade Development Bureau of MOFCOM

JD Worldwide signed a partnership agreement with the Trade Development Bureau of the Ministry of Commerce (MOFCOM). The two parties will work together in areas such as the promotion of cross-border e-commerce platform and the facilitation of international trade, with the aim of introducing more foreign goods into China and more Chinese goods to overseas markets. Also, JD.com will be the research partner of the Trade Development Bureau in topics related to cross-border e-commerce and consumption, providing sales and e-commerce data and other relevant analytics for the Bureau 2.

Suning.com to provide half-day delivery services for its “818 sales promotion” on 18 August

Suning.com will be hosting a “Shopping Fever Festival” on 18 August 2016, during which Suning Logistics will provide half-day delivery guarantee in 10 cities, namely Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Nanjing, Chengdu, Xi’an and Shenyang. A compensation will be offered to customers whose deliveries are not on time. Currently, Suning Logistics has 12 automatic pick-and-pack centers across the country and self-owned logistics centers in 48 major cities. This infrastructure will help the company provide half-day delivery service in around 300 counties, next-day delivery in 327 cities and three delivery periods per day in seven cities including Beijing, Guangzhou, Shanghai, Nanjing and Shenzhen 3.

Amazon China introduces baby and maternity product brands of Bloom & Grow

Amazon China announced its strategic partnership with Bloom & Grow, a leading Asia Pacific distributor of baby and maternity products. Amazon China said the partnership will extend the variety of its products on the platform. Currently, there are over 30 international baby and maternity product brands under Bloom & Grow on the platform of Amazon China, including children hand luggage brand Trunki, baby carrier, wrap and swaddler brand Ergobaby, baby sleeping bag brand The Gro Company, radiation protection product brand Belly Armour, innovative baby product brand Make My Day and baby apron bath towel manufacturer Cuddledry 4.
Lenovo and JD.com form strategic partnership aiming to achieve sales target of 60 billion yuan in the coming three years

Lenovo and JD.com signed a strategic partnership agreement. All debut products by Lenovo will first be out on JD.com. Sales target of Lenovo’s products on JD.com in the coming three years is set at 60 billion yuan. JD.com will provide Lenovo with all-rounded sales-support solutions which include services such as data analytics, marketing, warehousing, logistics and technical support. Both parties will also share data and work together in plans of product development and expansion in the rural market.

Gome Online partners with Feiniu.com to transform into integrated e-tailer

Gome Online formed a strategic partnership with RT Mart’s Feiniu.com. Gome Online will introduce the proprietary brand of Feiniu.com on its platform. Meanwhile, Feiniu.com will sell Gome’s electrical appliances in its Home Appliances channel. The two parties will become the strategic suppliers for each other and share resources such as information system capability, sales data and inventory. Gome Online expected that the partnership will facilitate the company’s transformation into an integrated e-tailer and help the company get listed in three years.

Hichao.com opens its first physical store in Xiamen

Fashion app “Hichao” (hichao.com) opened its first physical store in Xiamen. The store equips each fitting room with a selfie stick. The store does not have a cashier, nor does it accept cash payment. Customers can only pay via the app. They can access the app by scanning QR code and pay through WeChat or Alipay. Hichao said that the company plans to open another flagship store in Xiamen in the future and will use Xiamen as the operation center for its physical stores.

Nanji E-Commerce partners with Munmu to start cewebrity business

Nanji E-Commerce partnered with Munmu Inc., a South Korean company, to set up a joint venture “Nanji Wenwu”, of which 55% of the capital will be contributed by Nanji E-Commerce and 45% by Munmu. The joint venture has the China exclusive rights to all commercial activities by cewebrities and artistes under Munmu, including that of Pony - a well-known cosmetic cewebrity in South Korea.

Nuby’s baby-infant formula product to enter China market

Baby-infant formula brand Nuby announced that its milk formula products will enter the China market. Its products will be sold on various platforms such as JD.com, Mia.com, Kaola.com, VIP.com and Suning.com. Cross-border e-commerce service provider KJE will provide services such as distribution, bonded warehousing, logistics and customs clearance. Nuby is a mother-infant product brand under the U.S. company Luv n’care. It was founded in 1975 and mainly specializes in baby-infant products and high-end Ireland milk formula.

Department stores and shopping malls

Largest offline store of Line Friends opens in Guangzhou

The largest offline store of Line Friends opened in Zhengjia Mall in Guangzhou. The store occupies around 1,000 sqm and sells...
peripheral products of Line Friends. Since its opening, the store has attracted a large number of visitors and the highest visitor flow for a single day reached 100,000. In 1Q16, Line recorded a profit of 130 million yuan in the sales of peripheral products, which amounted to 6% of its total revenue. The company is considering setting up a joint venture in China so as to further expand in China\textsuperscript{10}.

Supermarkets and hypermarkets

Yonghui opens first membership store in Beijing

Yonghui membership store entered the Beijing market for the first time. The store is a community supermarket that has a floor area of 200 sqm and targets mid-to-high end customers. The community O2O physical store offers home-delivery service to customers and will look to further introduce various household and catering services. Customers can place order through the store’s WeChat public account, subscription account as well as the app of Yonghui. There will be two delivery timeslots each day and the physical store can serve as both an offline display store and a distribution warehouse\textsuperscript{11}.

Apparel

Fashion company EPO creates new kidswear and cosmetics brands; plans to expand further in international markets

Chinese fashion company EPO Co., Ltd. announced the launch of its new kidswear brand little Mo&Co. and cosmetics brand REC. Popular among young Chinese consumers, the company was founded 12 years ago in China and features products that incorporate different elements such as fashion, music, arts and design. The objective of the company is to have EPO’s brands in 80 countries and regions and to achieve total sales revenue of 11.9 billion yuan by end of 2020. The company also announced it plans to enter the Hong Kong market in 2H16\textsuperscript{12}.

Heilan Home continues to open retail stores and considers entering women’s wear market

Facing a challenging retail landscape, menswear brand Heilan Home has a net increase of 235 retail stores in 1Q16 and plans to achieve a net increase of 700 stores by end of 2016, with the aim of increasing its sales in 2016. Heilan Home said that it will work to create more value-for-money products to attract customers. Also, the brand is considering expanding into women’s wear market under a new brand name, so as to diversify its product portfolio and overcome the market bottleneck of its current product category\textsuperscript{13}.

Issey Miyake opens in Beijing its first men’s wear multi-brand store in the Greater China region

Issey Miyake first men’s wear multi-brand store in the Greater China Region was opened in Beijing. The store features the Fall/Winter 2016 collections of Issey Miyake Men as well as of Homme Plissé Issey Miyake, which is entering the China market for the first time\textsuperscript{14}.
China Retail Weekly Updates

Mintel: China’s cosmetics market to reach 338 billion yuan by 2020

Mintel, a market research company, estimated the Chinese beauty retail market will reach 338 billion yuan in value by 2020. According to a report by Mintel, 65% of Chinese consumers spent more on facial skincare in 2015 comparing with 2014, despite that consumers were buying beauty products less often. Purchase rates for all beauty and personal-care categories slowed during the three months to October last year. The categories most affected were hair beauty products, beauty supplements and fragrances, which fell 32%, 28% and 26% respectively. Total retail sales of cosmetics in China grew 12.3% yoy to reach 204.9 billion yuan in 2015.

Roland Berger: China’s market for mother-infant-child products to reach 3.6 trillion yuan by 2020

Roland Berger published the “China’s mother-infant-child products market research report”. According to its estimation, the market will grow at an annual rate of 15% in the coming five years (including products for mothers, infants and children, as well as services for pregnant women and infants and children). The overall market size will grow from 1.8 trillion yuan in 2015 to around 3.6 trillion yuan in 2020. According to the report, the integration of products and services and O2O will become major trends in the mother-infant-child market. Meanwhile, consumers will also favor differentiated and high-quality products.

Various international cosmetics brands collaborate with JD.com

Three international cosmetics brands, Anessa, Kose and Innisfree, have opened their respective flagship stores on JD.com. Meanwhile, two other international cosmetics brands Sephora and SK-II will have their products sold on JD’s supermarket channel (chaoshi.jd.com). JD.com said that the cosmetics category, as one of JD.com’s key businesses, will continue to pursue its Internationalization strategy. In the future, JD’s supermarket channel will further extend its collaboration with well-known global brands.

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Fung Business Intelligence collects, analyzes and interprets market data on global sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners 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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