

China Retail & E-commerce

Weekly Updates

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Asia Distribution & Retail

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Retail in general



CNTA: Total tourism receipts to reach 590 billion yuan during Golden Week holiday

China National Tourism Administration (CNTA) released the "2017 National Day and Mid-Autumn festival holiday market forecast" recently. It predicted that the demand for domestic tourism, outbound tourism, family travel, rural tours and other tourism products will surge this year as the National Day Golden Week holiday overlaps with the Mid-Autumn festival. It is expected that over 710 million Chinese tourists will travel domestically or abroad during this year's Golden Week holiday, up 10% yoy. Total tourism receipts are expected to increase by 12.2% yoy to reach 590 billion yuan¹.

CNTA: Number of domestic tourists reaches 554 million in the first five days of Golden Week holiday, tourism receipts exceed 460 billion yuan; demand for niche tourism increases

According to China National Tourism Administration (CNTA), the number of domestic tourists amounted to 554 million in the first five days of the National Day Golden Week holiday, up 11.2% yoy, while tourism receipts increased by 13.7% to reach 461.9 billion yuan. The two figures have almost reached the sum of last year's National Day holiday, and have surpassed that of 2015. Driven by consumption upgrade and changing needs of consumers, demand for niche and experiential tourism increases. Customized tourism for families, and itineraries that involve township and village visits, etc. become increasingly popular².

E-commerce



Sa Sa launches online flagship store on Tmall Global

Hong Kong based cosmetics retailer Sa Sa launched online flagship store on Tmall Global. Several hundreds of SKUs will be offered initially, including exclusive and license brands. The number of SKUs will be increased later. Sa Sa expects total sales in 2H17 will see double-digit growth with the addition of the flagship store on Tmall Global. Currently, mainland tourists contributed over 60% of Sa Sa's total sales. The proportion is expected to further increase after the opening of the Tmall Global flagship store³.

Tmall debuts in Russia, being the first stop of its overseas expansion

According to Russian media news agency TASS, Alibaba's Tmall platform debuted in Russia recently. Tmall will partner with Russia and work directly on the AliExpress platform; goods will be delivered from the warehouses of Alibaba's partners in Russia, instead of delivering from the warehouses in China. Russia's country website on Tmall has reportedly entered the testing and trialing stage, and will be fully launched in mid-October. In fact, this is also the first time for Tmall to expand overseas⁴.

Nearly 50% of Suning's unmanned store customers are post-90s generation

On 28 September, Suning disclosed the operation data of its unmanned store for September, the first month of operation. Data showed that out of all customers visited the

store, post-90s generation accounted for 48.8%; male customers accounted for 42.7% of total customers and while female customers accounted for 57.3%. The fastest shopping time was 23 seconds for male customers and 41 seconds for female customers; and the facial scan would take no more than 15 seconds to complete the process under normal circumstances. Suning said it hopes to launch 20 unmanned stores in tier-1 cities around the time of the 11.11 shopping festival⁵.

E-commerce logistics



JD.com launches unmanned light trucks

On 28 September, JD.com and SAIC Maxus Automotive Co., Ltd launched the first unmanned light truck for e-commerce logistics in China, and started the road test on designated roads. JD's unmanned light truck can automatically complete route planning, change lanes, avoid obstacles, identify parking lot, and park itself⁶.

Department stores and shopping malls



Linkshop: Department store sector in China gradually recovers; transformation accelerates

Linkshop summarized the financial performance of 49 listed department stores in China in 1H17. Total sales revenue of the 49 companies was 205.542 billion yuan in 1H17, the net profit attributable to shareholders was 9.014 billion yuan. 30 of the 49 listed companies recorded increase in sales revenue, while 31 of the 49 listed companies recorded increases in net profit. 21 of the 49

listed companies achieved increase in both the sales revenue and net profit. Department store sector in China is gradually recovering in general. Four companies achieved sales revenue of over 10 billion yuan in 1H17, of which Bailian Group ranked the first and is the only company achieving revenue of over 20 billion yuan in 1H17 (24.636 billion yuan). It was followed by Chongqing Department Store, Dashang, and Wangfujing Department Store⁷.

Supermarkets and hypermarkets



Hema Xiansheng opens seven new stores in one day

On 28 September, O2O fresh produce retailer Hema Xiansheng opened seven stores in Shanghai, Beijing, Shenzhen, Hangzhou and Guizhou. This is also the first time Hema Xiansheng entered Shenzhen, Guiyang, and Hangzhou. As of September 2017, there were 20 stores nationwide, of which, three of them are jointly operated by Hema Xiansheng and other regional retailers. According to the company, it will launch a new "catering store" in January 2018, which will further leverage Internet of Things (IoT), Internet technologies and advanced machineries to alter the cooking method and cooking efficiency⁸.

Apparel and shoes



Decathlon opens five stores in China during Golden Week holiday

French leading sporting goods retailer Decathlon opened five new stores in China

during the Golden Week holiday in Nantong, Guangzhou, Chengdu, Shanghai and Shenyang. Decathlon entered the China market in 2003 and currently operates more than 200 physical stores in 90 cities in mainland China. China market is the second largest market of Decathlon after France⁹.

Guirenniao to buy Prince Sports' trademark rights in China and South Korea

Chinese sports brand Guirenniao Co., Ltd. announced that it plans to invest US\$20 million to buy Prince Sports' trademark rights in mainland China, Hong Kong, Macau and Taiwan, and South Korea. After the deal, Guirenniao can use the patent and technologies of Prince Sports. Guirenniao will become the global designated supplier of the "Prince" brand, and can use the marketing materials of Prince Sports' spokespersons. Prince Sports is a global sports brand established in 1970 by Robert H. McClure in the U.S¹⁰.



Toys "R" Us Asia opens 10 stores in China on National Day

Toys "R" Us (Asia) Ltd opened 10 stores all on one day on 1 October, which is also China's National Day. To uphold the "New Retail" features, the new stores are interactive and digitally savvy. They offer interactive digital screens, bespoke mobile games enhanced by iBeacon technology, and seamless online and offline activities streamed via new social-media and data platforms. The new stores are located in: Chongqing (Times Square mall), Guangzhou (Central One), Shenzhen (MixC

One World), Hangzhou (Binjiang Paradise Walk), Changchun (Ouya New Life), Harbin (Wangfujing mall), Suzhou (Xinqu Paradise Walk), Xi'an (Sasseur Outlets), Changsha and Chengdu¹¹.

Luxury products

Italian footwear brand Chiara Ferragni plans to debut 35 China stores

After opening stores in Shanghai and Chengdu earlier this year, the famous Italian blogger Chiara Ferragni and her shoe collection has recently signed a business agreement with luxury brands distributor, Riqing Group for a mass retail rollout in China. The brand plans to debut 35 stores there in China the next few years¹².

Calvin Klein opens multi-brand lifestyle store in Shanghai

Calvin Klein announced the opening of its new multi-brand lifestyle store in Raffles City in Shanghai. The store is a flagship store which features the brand's latest retail technologies for better customer experience. The two-story Shanghai flagship has an area of 550 sqm, and offers products from CK Calvin Klein, Calvin Klein Jeans, Calvin Klein Underwear and Calvin Klein Performance. Digital technology is utilized throughout the store, offering consumers the opportunity to participate in a personalized shopping experience, for example interactive video and denim fit guide walls which allow consumers to browse items featured in the brand's current campaign and make selections to try on in-store¹³.

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