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MOFCOM: Development of China’s retail industry shows positive momentum in 1H17

On 3 July, the Circulation Industry Development Department of the Ministry of Commerce (MOFCOM) presented market updates of China’s retail industry in 1H17. Since the beginning of 2017, China’s retail industry has shown positive developments: rate of sales growth and operation efficiency have both increased, while the industry continued to deepen its innovation transformation. MOFCOM said that China’s retail industry has demonstrated four key characteristics in 1H17, including the increase of sales growth rate, the improvement in profitability of companies, the improvement in performance of physical stores, as well as the higher willingness of retailers to open new stores.

NDRC: Regulations for the sharing economy needs to be compatible with social development

Recently, eight departments including the National Development and Reform Commission (NDRC) issued the “Guiding Opinions on Promoting the Development of the Sharing Economy” (the Opinions), the first official regulatory document for sharing economy. The Opinions pointed out that the advent of sharing economy can effectively improve the efficiency of resource utilization in the society, improve convenience for the general public, as well as promote the supply-side reform. In particular, the Opinions pointed out that efforts will be made to overhaul administrative licensing items and registration items for commercial affairs which restrict the development of the sharing economy, remove or ease limitations on the market access for resource providers, and institute new policies on market access in a prudent manner. Moreover, the Opinions called for strengthening the protection, creation and application of and services for intellectual property rights in relation to the development of the sharing economy, such as patents, copyrights and trademarks, and reinforcing legislation interpretations and amendments; making timely adjustments in accordance with relevant processes to those laws, regulations and policies that are not suitable for the development of the sharing economy and optimizing legal services constantly.

channel integration, provide diversified shopping scenarios for consumers through social media or concept stores, as well as adopt one-stop service in integrated retail formats under the same roof, and promote digitalization of supply chain to increase operation efficiency.
CCFA: The “Guidelines on Sustainable Consumption for Retailers” suggest a five-step agenda to promote sustainable consumption

The “Guidelines on Sustainable Consumption for Retailers” was recently published by the China Chain Store & Franchise Association (CCFA). The document was China’s first guideline for retailers on the issue. Based on the framework of the United Nation’s (UN) “10-year framework of programmes on sustainable consumption and production patterns” (10YFP), the document was jointly produced and managed by CCFA and the UN, with drafting input from China-based corporate social responsibility consultancy SynTao Sustainability Solutions. The document suggested to retailers in China a five-step agenda to promote sustainable consumption patterns. Firstly, retailers should align with public policy requirements. Secondly, retailers should pledge to become sustainable retailers. Thirdly, retailers should sell sustainable products to consumers. Fourthly, retailers should create a sustainable shopping environment for consumers. Lastly, retailers should implement sustainable practices together with consumers.

Alibaba launches Chinese voice assistant “Tmall Genie”

Ali’s artificial intelligence lab launched the first generation of its voice assistant Tmall Genie X1. Currently, the voice assistant can help consumers shop online, top-up their mobile phone, order food delivery, play music etc. through voice commands. The product will be available for public purchase from 8 August. The 128mm-tall Tmall Genie is unique for its compactness. In terms of functionality, Tmall Genie X1’s voice recognition system allows the device to recognize voice patterns of six different users and the voice assistant can curate tailored responses to different users. Powered by AliGenie, the first generation of Alibaba’s proprietary Chinese-language communication system, Tmall Genie X1 can process natural language as well as understand contextual information and support multiple dialogues with its built-in decision-making engine.

WeChat Pay to launch marketing tool for overseas businesses “WE Plan”

Tencent announced in Japan the plan to launch WE Plan, a new function of WeChat Pay that will provide all overseas retailers various kinds of sales promotion functions, such as coupons, discount and product information.

Baidu accelerates its plan in building AI business

Baidu introduced its voice interaction system
DuerOS and driverless car open platform Apollo on 5 July at its first AI developers' conference “Baidu Create 2017” in Beijing. Baidu also announced at the conference that it will release 60 of the company’s proprietary AI applications for public usage, including 14 newly developed capabilities in five major categories, namely voice recognition, video rendering, augmented reality, robotic vision, and natural language processing.

Mia.com launches direct mail order services from five overseas locations

Mia.com announced that it has completed the setup of operation in five overseas locations in Hong Kong, Japan, Australia, South Korea and Europe, facilitating the launch of its overseas direct mail order services on 3 July. Over 50,000 SKUs of overseas products will gradually be available for purchase on Mia.com. According to media report, Mia.com will source products directly from overseas brands or their licensed distributors, and deliver to customers in China from its overseas operation locations through direct mail order. The service covers products from over 2,000 foreign brands in popular product categories such as maternity and baby products, home product and cosmetics. Mia.com said that overseas products will be dispatched from warehouse within 24-72 hours of order and be delivered within 7-15 working days. The return of the goods will be done in China.

Amazon first introduces Prime Day to its China customers

On 11 July, Amazon will launch its Prime Day shopping event on 13 of its global websites, including the first-time launch in China, for its Prime members. China is the only market where Amazon provides to its Prime members services including cross-border orders, unlimited times of free delivery throughout the year, as well as free delivery without minimum order value for all domestic orders. Currently, Prime members in China can order over 10 million SKUs of products from the U.S., the U.K. and Japan through Amazon Global, as well as over 9 million SKUs of selected domestic products from Amazon China. Also, not only can China’s Prime members enjoy the special offers on Amazon China on the Prime day, they will also be able to enjoy the special discounts from the various overseas stores on Amazon Global.

BHG to sell its premium supermarket operation for 294 million yuan

Beijing Hualian Group (BHG) announced its plan to sell its 100% equity interest of its premium supermarket operation BHG Market Place for 294 million yuan. The company said that the sell with allow it to concentrate resources in developing its community supermarket business. BHG Market Place is a premium supermarket brand targeting high-end consumers and expat. Specialized in selling imported food and high-quality fresh produce, BHG Market Place was one of the earliest market players in China’s premium supermarket retail sector. It currently has 15 branches in Beijing.

YH Super Species opens the first Shenzhen branch in Maoye Plaza in Huaqiangbei area

After opening stores in Fuzhou and Xiamen, Yonghui’s new retail format YH Super Species opened its first Shenzhen branch in the Maoye Plaza in Huaqiangbei area. Trial operation started on 30 June, while normal operation began at 3 July.
**Department stores and shopping malls**

Intime to experiment with live streaming in its mid-year shopping festival

Intime recently kicked off its mid-year shopping festival that highlights sales discounts of as much as 50%-off that are available to all product categories in all its retail branches. According to media report, Intime also plans to experiment with live streaming through Miao street of Alibaba during the shopping festival. Also, Intime revealed that the group has launched its project on agile supply and customization that is known as ITM. The project is about identifying the most popular brands using Intime’s retail data, and Intime will form strategic partnership with these brands to develop customized products and services that are of higher quality and are more value-for-money for consumers.

**Apparel**

First i.t blue block concept store in mainland China opens in Hangzhou

i.t, an apparel brand owned by the Hong-Kong-based fashion retailer I.T Limited, recently opened its first concept store in mainland China in Hangzhou. The store, named i.t blue block, sells products from a variety of brands, including ladies wear brands such as b+ab, tout à coup, and etel, as well as menswear brands such as 5cm, AAPE, and CHOCOOLATE. i.t has also introduced for the first time U.K. brands such as Fred Perry, outdoor brands such as chums, as well as Korean brands such as STYLENANDA Pink Hotel.

Inman’s parent company forms strategic partnership with South Korean sports brand BALLOP

Huimei Group, the parent company of Taobao brand Inman, formed strategic partnership with BALLOP, a South Korean specialty sports brand known for its ultra-light sports shoes. BALLOP will enter the China market by leveraging the online distribution capability of Huimei, while Huimei aims to expand into the sports fashion category to cater to the diversified needs of its online store customers. The partnership also allows Huimei to leverage on the product innovation and manufacturing capabilities of BALLOP. According to media report, BALLOP’s products is currently available in over 30 countries globally, however it did not trial the application in two of its Shanghai branches located in Hong Kong Plaza and Mixc shopping malls respectively.

**Convenience stores**

Lawson to trial self-checkout service in its China branches

Japanese convenience store chain Lawson announced that it will trial run self-checkout service in its China branches. Customers will be able to complete the checkout process with the Mars Rabbit mobile app, a Chinese application developed to facilitate the payment process in physical retail stores. The self-checkout process will only be applicable to any single purchase of a maximum of five pieces of goods at a time. In July, Lawson will
previously have presence in the online retail platforms in China.\(^\text{16}\)

**Li-Ning to launch self-operated kidswear label “Li Ning YOUNG” in 2018**

China sports fashion brand Li-Ning will officially launch “Li-Ning YOUNG”, a new self-operated kidswear label, on 1 January, 2018. Around 500 retail stores of the label will be launched, of which over 60% will be in tier-2 and tier-3 cities. Comparing with the current kids wear label of Li-Ning, Li-Ning KIDS, Li-Ning YOUNG will focus on the sports and functional needs of the targeted kids demographic group. Li-Ning will gradually shift from the current distributor model to a more retail-focused one. Also, in some of the brand’s larger retail stores, there will be designated parenting and experiential shopping areas. E-commerce will also supplement as one of the important distribution channels of the brand. Currently, Li-Ning only has Li-Ning KIDS in the kids wear sector. The label has previously been licensed to third-party brand operator.\(^\text{17}\)

**Cosmetics**

**Shiseido plans to introduce professional colour cosmetics brand NARS to mainland China in 2017**

Japanese cosmetics brand Shiseido announced its plan to open the first retail counter of NARS, a professional colour cosmetics brand in mainland China in 2017. While Shiseido has yet to reveal the retail price of NARS products that would be available in physical stores, it is expected that NARS will be priced to target the high-end colour cosmetics market.\(^\text{18}\)

**Spanish cosmetics retailer Perfume’s Club launches official website in Chinese**

Spanish cosmetics retailer Perfume’s Club has recently launched its Chinese official website ([www.perfumesclub.cn](http://www.perfumesclub.cn)), which has a Chinese interface, supports payment methods such as Alipay, WeChat Pay and UnionPay, as well as provides free delivery services for orders over a certain value. Products available on the website include colour cosmetics, skincare products and sunglasses. Some of the different types of colour cosmetics brands on the website include Estee Lauder, Dior, CHANEL, YSL, M.A.C., NARS, EVE LOM, and ALTERNA. Owned by the century-old family business Nova Engel, Perfume’s Club currently ranks among the top three e-commerce retailers in Spain and has more than half-a-century worth of experience in the beauty consumer goods sector.\(^\text{19}\)

**Luxury products**

**Gucci launches online store for China market**

Italian luxury fashion brand Gucci announced the opening of its official website in China ([https://www.gucci.cn/zh](https://www.gucci.cn/zh)). Consumers can order from the brand’s official website the full range of products from its current season’s collection, including bags, shoes, apparel and jewellery. According to media report, Gucci.cn will be the only official online store for the brand in China.\(^\text{20}\)
SF Express announced that it is investing in the Beijing-based high-end maternity and baby products brand Pretty Feather. The amount of investment made was not disclosed. According to media report, the investment was jointly made by SF Express and Plum Ventures. According to public record, Pretty Feather was founded in December 2016 with a registered capital amounted to 30 million yuan.\textsuperscript{21}
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