

Stores revamp in fight with online giants

Brick-and-mortar retailers increase convenience via digital services and faster delivery in battle to maintain customer loyalty and market share

By WANG ZHUOQIONG

In their competition with online giants, which have recently expanded to offering fresh food in physical stores, traditional brick-and-mortar retailers are gearing up to secure their market shares in this sector.

Sam's Club, the membership store and high-end format of one of the world's largest retailers by revenue, Wal-Mart Stores, has decided to set up "club depots", or storehouses, with Dada-JD Daojia, a food-delivery unit of the country's second-largest e-commerce platform JD, at places where their physical stores have not yet reached.

The system will be built together by Sam's Club and Dada, including selecting locations for the storehouses, managing the inventory and deliveries.

Each storehouse will cover about 1,000 merchandise items, mostly high-frequency fresh groceries. That category currently takes up 20 percent of the Sam's Club stores' revenue.

Every storehouse will cover a neighborhood market of 3-5 kilo-

meters, offering delivery within one hour.

Chen Zhiyu, Wal-Mart China vice-president, said since the testing of two club depots in Shenzhen, in South China's Guangdong province, the delivery time has been shortened to 40 minutes on average, with orders quickly raised to 200 a day and repeating orders to 30 percent.

"We've often heard that despite consumers' preference in products at Sam's Club, they are often restrained by the long distance to the store or large packages of each item," said Chen, who is also in charge of Sam's Club's e-commerce and marketing and membership.

"The new storehouse will increase customers' shopping frequency and loyalty by satisfying their needs for convenience, especially for fresh goods," he said.

Chen, who held several positions at Alibaba Group prior to his current role, said Sam's Club expects to increase its online sales to as much as the level of its physical stores within three years.

Sam's Club's digital services have seen three-digit annual growth in recent years.



A department store in Beijing displays food products imported from Britain. A JING / FOR CHINA DAILY

French leading retailer Carrefour is also planning to expand its digital and online reach to 18 cities in China from the current 12. The six new cities include Guangzhou and Dongguan in Guangdong province, Haikou in South China's Hainan province, Changsha in the central Hunan province, Hefei in East China's Anhui province, and Dalian in the northeastern province of Liaoning.

Carrefour has built its own shopping application and its stores have worked with online-to-offline delivery platforms including Meituan, Ele-

com and Baidu Waimai. Meanwhile, in Beijing and Shanghai, Carrefour has started to sell fresh goods directly from overseas, with a special focus on lobsters and oysters.

Separately, traditional department store Ito Yokado has initiated upgrades on its remaining Yanyuncun store after closing its seven other stores in Beijing.

The revamping efforts include expanding its food supermarkets, introducing catering, entertainment and education businesses and gyms, which cover nearly half of the total

area, while the general merchandise area will be downsized.

Founded in 2002, the Yanyuncun store of Ito Yokado has an operating area of 21,200 square meters. The new store will set up a central kitchen to offer processed foods and half-processed food for consumers.

Fresh merchandise has also been upgraded to meet the demands for high-end products. Imported beef from Australia, food from Japan and packaged processed food for neighboring working families are now also available.

Merchant faces rising costs

New challenges for supplier of fresh seafood to supermarkets, high-end restaurants and e-commerce platforms

By FAN FEIFEI

Zhejiang Ocean Family Co has vowed to "provide safe, healthy and delicious seafood" to consumers both at home and abroad, following its move to begin selling produce in 7Fresh, JD's recently launched brick-and-mortar fresh food supermarket.

The company said it now focuses its business on sectors such as ocean fisheries, aquatic products processing, seasonal seafood import and seafood sales to domestic markets.

At 7Fresh, consumers in Beijing can browse and buy Ocean Family's

global, directly purchased delicacies, such as fresh salmon delivered from Norway every week and fresh fish shipped from different locations in Japan.

"We are committed to selecting the best produce areas, the best seasonal products and the best partners, and abide by compulsory standards in each process, in order to provide consumers with safe, healthy and delicious seafood," said Zeng Bo, general manager of Zhejiang Daling Seafood Co, a joint venture of Ocean Family and Japan Mitsubishi Corp.

"To achieve this goal, we have

strict cold chain transportation requirements, such as those relating to temperature and time, as well as the application of new technologies for temperature monitoring during transportation and enhanced logistics speeds," Zeng said.

The company now supplies seafood for large supermarkets, high-end restaurants and large fresh food e-commerce platforms.

"The cooperation with JD is based on the high-quality requirements from both sides. The two sides have agreed on quality control, including product traceability, processing veri-

fication, logistics control and after-sales tracking services," Zeng said.

He added these requirements indicate JD has a high standard for the quality of products and sense of responsibility for every consumer, while at the same time, both sides have strong infrastructure and technical means to achieve those requirements.

JD has built up China's largest frozen and chilled e-commerce warehousing and delivery network, with 11 frozen food warehouses covering 300 cities.

The biggest difficulty for Ocean Family is the fierce market competi-

tion, Zeng said.

Various types of fresh food supermarkets have emerged over the past year, which places higher demands on seafood suppliers' service capacities and the quality of their products, according to Zeng.

"Sales have improved, but costs are also increasing in all aspects, which in turn requires a continuous improvement in the size and sales capacity of fresh food supermarkets," Zeng said.

In 2016, the sales revenue of Ocean Family reached 2.64 billion yuan (\$410 million).