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China Retail Market Newsletter Q3, 2012

Asia becomes world's wealthiest region

For the first time, Asia is the wealthiest region in the world, according to a new study by Credit Suisse. The bank's Global Wealth Report 2012, released on Wednesday, found that the region surpassed Europe in terms of household wealth in the 12-month period ending June. While total global household wealth fell 5.2 percent, Europe took the biggest hit due to its debt crisis and the global economic slowdown, with its wealth dipping 14 percent to USD69.3 trillion. Asia's wealth proved more resilient, shrinking only 1.9 percent over the same period to USD74.1 trillion.

Spanish Underwear Brand To Develop Chinese Market from 2012

Women'Secret, the underwear chain brand of Spain's Cortefiel Group, has announced plans to develop the Chinese market. The two parties plan to open over 300 chain stores and specialty counters in China over the next five years. Prior to this, Cortefiel Group signed an agreement with China's ScarVic in March 2012, aiming to develop 800 Springfield and Pedro del Hierro chain stores in China.

L'Oreal's 2011 Sales CNY10+ Billion in China

L'Oreal China has published its annual financial report for 2011 in Shanghai, stating that its sales in China were over CNY10 billion for the first time, reaching CNY10.7 billion and a year-on-year increase of 18%. This marks the international cosmetics giant's double-digit growth for 11 consecutive years in China. L'Oreal entered the Chinese mainland market in 1997 and it currently has over 20 cosmetic brands, including Lancome, Kiehl's, Yue Sai, L'Oreal Paris, Maybelline, Garnier, Vichy, La Roche-Posay, and Kerastase, in the marketplace. Its sales channels cover department stores, supermarkets, hair salons,

drugstores, and the e-commerce channel. Over the past five years, L'Oreal has doubled its sales in China.

Media Markt Opens Fourth Store In Shanghai

The electronics and home appliances retailer Media Markt has announced the opening of a Qibao store, its fourth store in Shanghai. Located at Shunheng International Commercial Plaza, Media Markt's Qibao store has three operating floors, with a ground area of nearly 8,500 square meters and 150 employees. Media Markt is a joint venture invested by Germany's Metro Group and China's Foxconn. It entered the Chinese market in November 2010 with its first flagship store opened on Huaihai Road, Shanghai. The company then opened two additional stores in the city in February and June 2011. According to its plan, it will have at least ten stores in Shanghai by 2012.

China's Mengniu Signs Framework Agreement With Danish Dairy Giant

Chinese dairy company Mengniu and Danish dairy giant Arla signed a framework agreement for the implementation of a dairy technology cooperation centre project. According to the



agreement, about CNY220 million will be invested in this new project to introduce Arla's entire industry chain management and practice experience into China to improve the quality of Chinese dairy products to meet the standards of the European Union. Founded in 1863 and headquartered in Copenhagen, Arla is one of the largest and oldest dairy companies in Europe and it is also one of the largest organic dairy suppliers in the world. In June 2012, Arla acquired about 5.9% shares of Mengniu for about CNY1.8 billion, which made it the second largest shareholder of Mengniu following Cofco Group.

Ikea To Build Largest Western China Flagship Store In Chongqing

Ikea will reportedly invest about CNY1 billion in a new project in Chongqing to build the company's largest flagship store in western China. The new Ikea store in Chongqing will have a total construction area of over 100,000 square meters and it has four floors, including two floors of parking and two floors of retail area. The parking area has 1,600 parking spaces. Ren Weiguo, vice president for the retail business of Ikea China, told local media that as the youngest municipality of China,

Chongqing has a population of 32 million and it is becoming the economic center of the southwestern areas of China. With the establishment of this new store in Chongqing, Ikea hopes to provide a brand-new home supply shopping environment for local citizens and offer satisfactory products to consumers. Founded by Ingvar Kamprad in Sweden in 1943, Ikea has developed 337 retail outlets in 40 countries and regions around the world. The company entered the Chinese market in 1998 with its first store launched in Shanghai. It has already opened 11 stores in Chinese cities like Beijing, Guangzhou, Chengdu, and Dalian.

China's retail sales up in Q1/Q2 of 2012

China's retail sales grew 13.8 percent year on year to 1.67 trillion yuan (\$265.08 billion) in May 2012, the National Bureau of Statistics (NBS) said Saturday. After adjusting for inflation, the reading was 11 percent in May and 10.9 percent in the first five months. Retail sales in the January-May period totalled 8.16 trillion yuan. Urban retail sales of consumer goods reached 1.45 trillion yuan in May, up 13.7 percent year on year, while retail sales in rural areas rose 14.3 percent to 217.9 billion yuan from a year earlier, the NBS said. Sales in the

catering business rose 12.9 percent year on year to 184.4 billion yuan last month, while merchandise sales expanded 13.9 percent to 1.49 trillion yuan. Analysts expect that domestic demand will pick up in the third quarter of 2012.

