

Yum to open restaurants in appliance retail stores

Suning agrees to host KFC, Pizza Hut and Little Sheep in 150 outlets

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The fast-food giant Yum! Brands Inc said on Wednesday that it will open KFC and Pizza Hut restaurants inside stores operated by one of the largest electrical appliance retailers in China.

According to the agreement, Yum will open 150 restaurants in the next five years in stores run by Suning Appliance Co Ltd. They will include KFC, Pizza Hut, Little Sheep and East Dawning brand restaurants.

“Yum highly values the cooperation with Suning,” said Mark Chu, president and chief operating officer of Yum China Division. “The cooperation can give full play for both parties on business arrangement, chain store management, brand influence, as well as better meeting customers’ needs.”

The companies said Yum has opened trial KFC and Pizza Hut restaurants in Suning stores in 17 cities including Nanjing, Beijing, Shanghai, Shenyang and Dalian.

Since Yum brought its first restaurant to the Chinese mainland — a KFC that opened in

“**The new partnership lets Yum have access to prime store locations across the country through Suning’s large business network.”**

GONG BO
ANALYST AT BEIJING UNITED INNOVATION CAPITAL LTD

Beijing in 1987 — the US company has expanded quickly in the emerging market. It now has more than 5,000 restaurants in the country and aims to open at least 600 restaurants a year in the near future.

“The new partnership lets Yum have access to prime store locations across the country through Suning’s large business network,” said Gong Bo, an industry analyst with Beijing United Innovation Capital Ltd.

“At the same time, through the partnership, Suning will expand the types of business in its traditional stores as well



A Suning Appliance Co Ltd outlet in Shanghai. Yum! Brands Inc has opened trial KFC and Pizza Hut restaurants in Suning stores in 17 cities including Nanjing, Beijing, Shanghai and Dalian.

as enrich its business formats.”

The Nanjing-based home appliance giant is aiming to open more than 400 outlets this year and now has more than 1,700 stores at home and abroad.

Besides adding to its stock of traditional stores, Suning also has plans to move into other sorts of business, such as online sales.

“The value of sales in China’s home appliance market

will increase to 3.1 trillion yuan (\$475 billion) by 2020,” said Zhang Jindong, Suning’s chairman.

“Suning intends to occupy about 20 percent of China’s home appliance market by then. For that time, our target for online sales is 300 billion yuan, while our target for online sales for this year is 30 billion yuan,” Zhang said.

The site will sell daily necessities, clocks, musical instru-

ments and other goods, besides electrical appliances, he added.

“In the current situation for retail, this cooperation between the two retailing giants will lower the cost of opening stores and drum up more customers for both sides, which will lead to more innovation in the industry,” said Yang Qingsong, deputy secretary-general of the China Chain Store and Franchise Association.

Retailer Bailian takes top sales revenue spot

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118

billion yuan
the 2011 adjusted sales revenue of Bailian Group Co Ltd

The Shanghai-based retailer Bailian Group Co Ltd overtook Nanjing-based Suning Appliance Co Ltd last year to become the largest operator of chain stores measured by sales revenue in China, according to a report released by the China Chain Store and Franchise Association.

The association’s report said Bailian had 118 billion yuan (\$18.7 billion) in sales revenue last year after adjustments were made to ensure the figures were comparable between companies.

Suning and Gome Electrical Appliance Holding Ltd tied for second place in the ranking, each having 110 billion yuan in adjusted sales revenue in the past year.

The previous year, Suning had reported the largest sales revenue among chain-store operators and Bailian had reported the third-largest.

Last year marked the first time in the past six years that electrical appliance retailers ceded the top spot for sales revenue. From 2006 to 2008, Gome had enjoyed the largest revenue and Suning had in 2009 and 2010.

The association said some adjustments were made to its calculating methods to ensure last year’s revenue figures could be fairly compared with each other. As a result, some of the numbers differed from what appeared in the companies’ financial reports.

For instance, Gome reported that it had 59.8 billion yuan in sales revenue last year. But through the addition of revenue generated at Gome stores that are not assets of the publicly listed part of the company, the association’s report credited it with having 110 billion yuan in sales revenue.

The top 100 operators of chain stores in China, measured by sales revenue, together generated 1.65 trillion in adjusted sales revenue last year, the association said.

Experts said the business of operating chain stores has undergone significant changes in recent years. That has been the result, mostly, of shifts in consumer habits.

“An increasing number of middle-class people are providing opportunities for companies,” said Guo Geping, chairman of the association.

“Companies need to consider the situation carefully and find the right solution for the possible change,” Guo said.

In the past decade, companies have largely pursued a strategy of opening stores to give themselves a larger presence in China. Guo said companies should pay more attention to strengthening their competitive advantages.



The central business district of Xi'an.

PHOTOS PROVIDED TO CHINA DAILY

Blueprint for more modernity amid the ancient city of Xi'an

By LU HONGYAN and ZHANG YUAN

The provincial government of Shaanxi province has laid plans to develop the capital Xi'an into an international city over the next five years, said a top local official.

“Xi'an is the cradle of Chinese civilization and one of the four great ancient capitals together with Athens, Rome and Cairo,” said Sun Qingyun, member of the standing committee of Shaanxi Provincial Party Committee and Party head of the city.

“So the history and culture of the city is shared by the whole world and enjoys high repu-

tation globally, which is the important resource for Xi'an to build on to become an international metropolis,” Sun said.

To achieve the goal, the government has been transforming the model for economic growth, adjusting the industrial structure and providing better social and public services.

Last year, the city’s GDP hit 380 billion yuan (\$61.2 billion), up 14.9 percent from 2010.

Per capita GDP has increased from \$2,300 to \$6,800 over the past five years, while total revenues from taxes and fees rose from 19.6 billion yuan to 65 billion yuan over the period.

Completion of its new subway line is providing eas-

ier transport to citizens and improved the carrying capacity of the city on the whole.

In addition to economic development, the local government has also made many moves in city conservation and environmental protection.

Xi'an has been named as National Clean Model City and National Garden City for its efforts in improving air quality and urban forestation. The city recorded more than 300 days with good air quality in each of the past four years.

Last year Xi'an held the International Horticultural Exposition that showcased its eco-friendly image.

“Reviewing our work in

the past five years, the biggest achievements have been economic growth, and improvements of the quality of life and environment,” said Sun.

“In the next five years, our target is to build the city into a metropolis with splendid history and culture, and bring more benefits to the public,” he said.

The local government also plans to emphasize the creative industry and strengthen heritage conservation by building 100 museums in the coming five years.

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Cutting-edge biotech in a Tang Dynasty atmosphere

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World DNA and Genome Day was celebrated in Xi'an, capital city of Northwest China's Shaanxi province, on April 25, attracting more than 1,500 scientists and 10 Nobel Prize winners.

Highlights on opening day included a Nobel laureates' forum, a symposium with foreign experts and the third international expo for biotech products and equipment.

The four-day event held in the Qijiang International Conference and Exhibition Center also included six professional conferences on genetic engineering and industrial biotechnology.

More than 100 seminars were held and over 1,000 professional papers presented.

Touted as the Olympics of international genetics and biotechnology, the event attracted more than 2,500 participants from 59 countries ranging from biologists, pharmacists and educators to entrepreneurs, government officials and NGO representatives.

Senior executives from 10 biopharmaceutical companies that rank among the top 500 global enterprises were invited to discuss the future of genetics and biotechnology.

The Nobel Prize winners in chemistry, physics and medicine gave science lectures to students at Xi'an Jiaotong University and Xi'an Shiyou University.

They also paid a visit to major pharmaceutical companies in the Xi'an Hi-tech Industries Development Zone in a bid to strengthen academic exchanges and cooperation.



Xi'an Economic and Technological Development Zone has attracted a range of competitive enterprises.

NOBEL THOUGHTS ON XI'AN

George F. Smoot, 2006 prize winner in physics:

“The Terracotta Warriors and Horses are great!”

Smoot and his wife were among the first foreign experts to arrive in Xi'an. He had been to Xi'an before — he even has a terracotta souvenir — but he had never had the chance to visit the Terracotta Warriors and Horses.

“They are really magnificent and great,” he said after he and his wife visited the site.

David J. Gross, 2004 prize winner in physics:

“Xi'an is more beautiful than before.”

Gross first visited Xi'an in 2006. Drawing a circle with his finger, he said he once “rode a bicycle along the ancient city wall”.

“It was a nice experience and I saw many places from the wall. Now the city is more beautiful and much larger,” he said.

Martin J. Evans, 2007 prize winner in medicine:

“Read Xi'an by its wall!”

It is the first time Evans and his wife have been to Xi'an, so the couple was very interested.

After the trip to the Terracotta Warriors and Daming Palace, they came to the ancient city wall.

Enjoying the vision and the sunshine on the wall, Evans reflected that “the wall is very old, and here we can read the city's history.”

J. Robin Warren, 2005 prize winner in medicine:

“The ancient city is also fashionable.”

It was also the first time Warren visited Xi'an, and he showed great interest in city that carries so many imprints from the Tang Dynasty (618-907).

“I thought Xi'an was an ancient city, but it is also unexpectedly modern and fashionable,” he said.

LU HONGYAN