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By John Hey

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Carrefour retreats from China

French group agrees to sell 80 per cent of its China operations to local electronics and e-commerce retailer Suning



Suning has confirmed it is to buy an 80 per cent controlling stake in Carrefour China for €620m (Rmb4.8bn).

Carrefour was one of the first foreign retailers to enter the Chinese market, opening its first store in 1995 and bringing a new shopping experience with its massive hypermarket stores during a time when China was opening up to the outside world.

But the French retailer's China operations have been struggling for some time, with many analysts blaming Carrefour's failure to adapt to the rise of e-commerce, and to Chinese consumer trends towards buying online, in recent years.

Carrefour's net sales declined by 10 per cent last year to €3.6bn, according to the company's annual report.

Reports that Carrefour was in negotiations to sell its China operations had been circulating for a while, and only

last month **Carrefour executives denied the rumours.**

Suning, which is primarily an electronics retailer, said the acquisition of a majority stake in Carrefour would expand its offering across all categories, and boost its competitiveness in FMCG products. In a statement, the Nanjing-based retailer said the deal would help cut its procurement and logistics costs, as it could tap into Carrefour's "supermarket management experience" and "procurement capability" backed by global supply chains.

Suning now plans to use digital technologies to boost the competitiveness of Carrefour's existing store network, which includes 210 hypermarkets and 24 convenience stores across 51 large- and medium-sized cities.

Suning is 20 per cent-owned by Alibaba, and the two companies are understood to be working closely together to develop a 'New Retail' empire, which integrates online and offline shopping

worlds. Both groups have been investing to develop physical store networks. Suning's purchase follows its acquisition of 37 Wanda department stores earlier this year, which are to be converted to Suning.com branding. Alibaba also spent **almost US\$3bn in 2017 on a 36 per cent stake in leading Chinese supermarket chain Sun Art Retail Group.**

In a statement, Suning said it would use its expertise in "smart retail" on Carrefour's store network to "create a leading innovative supermarket shopping experience".

"By connecting the more than 6,000 Suning Xiaodian [stores] with Carrefour China's outlets, Suning's 'last-kilometre' home delivery is able to serve more consumers with lower cost but higher efficiency," said VP of Suning.com, Tian Rui.

Carrefour will retain a 20 per cent stake in the China business, enabling the French group to keep a foothold in the fast-moving Chinese market, which is blazing a trail in global retail.

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