

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Voluntary    Public

**Date:** 3/1/2018

**GAIN Report Number:** CH178041

## China - Peoples Republic of

**Post:** Shanghai ATO

### Emerging City Market Report - Nanjing

**Report Categories:**

Market Development Reports

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**Report Highlights:**

The data and analyses shown in this report are the result of a market research project conducted by Euromonitor on the behalf of the Agricultural Trade Office in Shanghai. The data and analyses in this report are not the position of the U.S. Department of Agriculture. Rather, the data and analyses are information collected from in-field research to give the Agricultural Trade Office in Shanghai further insight into the local market.

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# City Profiling Study of China

## Nanjing City

A custom report compiled by Euromonitor International for

**USDA FAS**

November 2016

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## 0. RESEARCH BACKGROUND

### 0.1 RESEARCH OBJECTIVE

U.S. Department of Agriculture (“the Client”) engaged Euromonitor International to carry out a custom research study evaluating the market landscape of imported fresh food in the cities of Hangzhou, Nanjing and Wuhan. In order to meet the Client’s specific research request, Euromonitor thereby proposed a customized market research program to cover required qualitative outputs.

### 0.2 RESEARCH COVERAGE

Hangzhou, Nanjing and Wuhan

### 0.3 RESEARCH METHODOLOGY

In compiling and preparing the Euromonitor Report, Euromonitor International used the following methodologies to collect information, validate the data and information collected, and cross-check each respondent’s information and views against those of others:

- Secondary research which involved reviewing published sources including Municipal statistics and official sources such as Municipal Bureau of Statistics, company reports including audited financial statements where available, independent research reports, and data based on Euromonitor International’s own research database.
- Primary research which involved interviews with a sample of leading industry participants and industry experts for latest data and insights on future trends and to verify and cross check the consistency of data and research estimates.
- Audits of major retail outlets.

The market research was completed in October 2016 and all statistics in the Euromonitor report are based on information available at the time of reporting. Euromonitor’s forecast data comes from analysis of historical development of the market, the economic environment and underlying market drivers, and is cross-checked against established industry data and trade interviews with industry experts.

### 0.4 ABOUT EUROMONITOR

Established in 1972, Euromonitor International is the world leader in strategy research for both consumer and industrial markets. Comprehensive international coverage and leading edge innovation make our products an essential resource for companies large and small, national and global. With offices around the world and analysts in 80 countries, the company is a leading provider of global market intelligence. Our products and services are held in high regard by the international business community and we have 5,000 active clients including 90% of the Fortune 500 companies.

# 1. MACROECONOMIC & SOCIODEMOGRAPHIC FACTS FOR NANJING

## 1.1 SNAPSHOT

Table 1 Nanjing: Key Facts	
<b>City Name</b> (nick name, if available)	<b>Remarks</b> <b>Nanjing</b> (Ning/Jinling)
<b>Administration Level</b>	Capital city of Jiangsu Province
<b>Geographic Location</b>	Nanjing is in Southwest Jiangsu Province, bordering Yangtze River Delta on the east, the Yangtze River on the west, and the Jianghuai Plain on the north. The city covers a total area of 6,597 sq. km., with downtown area of 264.3 sq. km.
<b>Natural Resources</b>	Water: There are many rivers and lakes in Nanjing, including Qinhuai River Jiangchuan River, Xuanwu Lake, and Mochou Lake. Water covers over 11% of Nanjing.  Plants: Nanjing is abundant in vegetation, including plantae, pine tree, osmanthus, etc. The vegetation coverage is 13%.
<b>Key Industries / Economic sectors</b>	Pillar industries: Electronics, steel manufacturing, petrochemicals, automobile manufacturing, IT, photovoltaic, rail transit, finance, and tourism industries.  Leading players and MNCs investing in Nanjing include: CSUN, NARi Group (new energy equipment developer); Yangzi Petrochemical Company (petrochemical); Suning Group (retailing); Yurun Group (food manufacturing).
<b>Key Areas</b>	Commercial districts: Xinjiekou, Shanxi Road, Hunan Road, Fuzimiao;  Education communities: Jiangning district, Xianlin district, Pukou district;  Industrial parks: Jiangningbinjiang economic development area, Zijin science and technology entrepreneurship area, Nanjing ecological science and technology development area  Wholesale markets: Jinqiao market, Hanzhongmen market, Shilin department market, Fuzimiao market, Huanbei market  Foreigner communities: Xinjiekou, Fuzimiao, Xingang development district;  Tourist attractions: Sun Yat-Sen Mausoleum, Ming tomb, the Presidential Palace, Xuanwu Lake, 1912 pedestrian street, Nanjing Museum, and Confucius Temple.

Source: Nanjing Bureau of Statistics, Nanjing Tourism Committee Center and other government portals

## 1.2 MACRO ECONOMY

Table 2 GDP Value Size and GDP Per Capita in Nanjing, 2011-2015						
	2011	2012	2013	2014	2015	H1 2016
<b>GDP value, RMB billion</b>	<b>614.6</b>	<b>720.2</b>	<b>808.0</b>	<b>882.1</b>	<b>972.1</b>	<b>487.6</b>
- Real GR %	12.0	11.7	11.0	10.1	9.3	8.4

<b>GDP per capita, RMB</b>	<b>76,750</b>	<b>88,525</b>	<b>98,011</b>	<b>107,545</b>	<b>118,171</b>	<b>59,246</b>
- <i>Real GR %</i>	-	<b>15.3</b>	<b>10.7</b>	<b>9.7</b>	<b>9.8</b>	-

Source: Nanjing Bureau of Statistics, Municipal Statistical Yearbook of Nanjing

**Table 3 Investment, International Trade Value and Domestic Retail Sales in Nanjing, 2011-2015**

	2011	2012	2013	2014	2015	H1 2016
<b>FDI, USD billion</b>	<b>6.2</b>	<b>6.1</b>	<b>5.4</b>	<b>4.9</b>	<b>6.2</b>	-
- <i>Real GR %</i>	<b>29.1</b>	<b>-0.8</b>	<b>-12.4</b>	<b>-8.2</b>	<b>25.4</b>	-
<b>Total investment in fixed assets, RMB billion</b>	<b>401.0</b>	<b>468.3</b>	<b>526.6</b>	<b>546.0</b>	<b>548.4</b>	<b>260.0</b>
- <i>Real GR %</i>	<b>21.3</b>	<b>16.8</b>	<b>12.4</b>	<b>3.7</b>	<b>0.4</b>	<b>5.4</b>
<b>Import trade value, USD billion</b>	<b>26.5</b>	<b>23.3</b>	<b>23.5</b>	<b>24.6</b>	<b>21.7</b>	-
- <i>Real GR %</i>	<b>27.8</b>	<b>-11.8</b>	<b>0.7</b>	<b>4.7</b>	<b>-11.6</b>	-
<b>Export trade value, USD billion</b>	<b>30.9</b>	<b>31.9</b>	<b>32.3</b>	<b>32.6</b>	<b>31.5</b>	-
- <i>Real GR %</i>	<b>24.0</b>	<b>3.4</b>	<b>1.1</b>	<b>1.1</b>	<b>-3.4</b>	-
<b>Total retail sales of consumer goods, RMB billion</b>	<b>267.0</b>	<b>308.1</b>	<b>350.4</b>	<b>416.7</b>	<b>459.0</b>	<b>245.7</b>
- <i>Real GR %</i>	<b>17.8</b>	<b>15.4</b>	<b>13.8</b>	<b>12.9</b>	<b>10.2</b>	<b>10.4</b>

Source: Nanjing Bureau of Statistics, Municipal Statistical Yearbook of Nanjing

### ■ Nanjing's GDP registers 9.3% growth in 2015, ranking second in entire Jiangsu Province

In 2015, Nanjing's GDP ranked second in the entire Jiangsu Province, standing at RMB 972.1 billion with 9.3% real growth from the previous year. Over the past five years, GDP grew at a value CAGR of 9.6%, reflecting a decelerating but solid growth. Nanjing's GDP per capita reached RMB 118,171 in 2015. With the city undertaking structural reforms in the industrial, financial, and energy sectors, Nanjing has seen continuous industrial upgrade. In addition, with the implementation of major transport hub projects in Nanjing, the Nanjing Port is now recognized as the **largest inland port in the world**, while the city's railway stations have become junctions for multiple railway networks. In the first half of 2016, Nanjing's GDP reached RMB 487.6 billion, up by 8.6% year on year. The growth in GDP exceeded the national average growth by 1.7 percentage points.

### ■ Nanjing further improves industrial structure, with secondary and tertiary sectors making up 40.3% and 57.3% of GDP in 2015

In 2015, Nanjing's primary, secondary and tertiary sectors contributed 2.4%, 40.3% and 57.3% of the city's GDP value, according to Nanjing's Bureau of Statistics. The added value of the primary industry sector was RMB 23.24 billion, up by 3.4%; that of the secondary industry sector was RMB 391.61 billion, up by 7.2%; while that of the third industry sector registered the largest growth of 11.3% to reach RMB 557.23 billion in 2015. Through industrial restructuring, the Nanjing government aims to further build up the city's innovative industries and weaken the leading role of traditional industrial industries. As a result, steel, petrochemical and seven other high-energy-consuming industries accounted for a smaller proportion of the city's industrial output year on year, standing at 28.7% in 2015, down 3.9 percentage points from the previous year. On the other hand, the Nanjing government actively promotes development of the tertiary sector, with the most prominent growth observed in the internet and related services industry, which registered a significant 91.9% growth in revenue. In 2015, the retail sales value of the wholesale and retail industry reached RMB 419.3 billion, up by 10.8%; the retail sales value of the accommodation and catering industry reached RMB 39.7 billion, maintaining a steady growth rate of 4.1%.

### ■ e-Commerce and traditional retail sales in Nanjing are trending upward

In 2015, the value of e-commerce transactions in Nanjing reached RMB871.5 billion, an increase of 30.9% from the previous year. The value of online retail sales in Nanjing reached RMB143.2 billion, up by 44.9% from the previous year. The growth rate of the two indicators both surpassed the national average. During the "12th Five-Year" period (2011-2015), the value of e-commerce transactions in Nanjing doubled in size and ranked the top in Jiangsu Province.

### ■ Nanjing among core cities in the Yangtze River Delta region; government promotes joint development of surrounding Jiangsu and Anhui cities

Nanjing is one of the core cities in Eastern China and the Yangtze River Delta region, having direct radiating effects on surrounding cities such as Anhui Zhucheng, Zhenjiang, Yangzhou, and cities in Northern Jiangsu. Economic expansion in Nanjing drives the development of both Jiangsu and Anhui provinces. Nanjing utilizes the advantage of geographical proximity, cultural similarities to strengthen cooperation between the two provinces. The government of Nanjing also actively promotes simultaneous development of Nanjing,

Zhenjiang, and Yangzhou; facilitate city construction in Jiangning-Jurong, Liuhe-Yizheng; and accelerate the construction of Xianlin-Baohua science city. By 2020, Nanjing is expected to grow into an international metropolitan and drive modern city construction in Southern Jiangsu, Central Jiangsu and Northern Jiangsu regions. The Nanjing government is accelerating the construction of Ninghuai modern service industry center and Ningxuan industrial park; promoting the co-development of Jiangbei new district and Chuzhou Chahe economic development district. These cities provide abundant labor force, as well as agricultural and sideline products to Nanjing.

### ■ 13th FYP: Nanjing sets target of 8% GDP growth

According to Nanjing's "13th Five-Year Plan", the city strives to maintain medium and high-speed economic growth and continue industrial reforms. The city targets an average annual GDP growth rate of around 8%. The GDP growth rate of Jiangbei New District is expected to exceed the city average by 5% or above. During this period, per capital GDP and income of urban and rural residents in Nanjing are also expected to double the 2010 level by the end of year 2020.

Nanjing will focus on promoting the service sector and raising the total added value of the service sector to account for more than 60% of the city's GDP. Additionally, the emerging innovative industries are expected to become Nanjing's strategic pillar industries, with the high-tech industries accounting for 52.5% of total industrial output value by 2020. It is also expected that Nanjing will accelerate agricultural modernization to realize over 90% agricultural modernization rate. Nanjing will further open up its economy to foreign investment with the goal of maintaining over 10% annual growth in foreigner investment during the period. Nanjing is expected to establish its 'core city' status in the 'One Belt, One Road' initiative and increase its level of urban internationalization significantly.

## 1.3 DEMOGRAPHICS

**Table 4 Population in Nanjing, 2011-2015**

	2011	2012	2013	2014	2015	CAGR 11-15
<b>Total population, permanent, million</b>	<b>8.11</b>	<b>8.16</b>	<b>8.19</b>	<b>8.21</b>	<b>8.23</b>	<b>0.4%</b>
<b>Total Population, registered (with Hukou), million</b>	<b>6.36</b>	<b>6.38</b>	<b>6.43</b>	<b>6.49</b>	<b>6.53</b>	<b>0.7%</b>
- <b>Male population, million</b>	<b>4.21</b>	<b>4.29</b>	<b>4.27</b>	<b>4.24</b>	<b>4.24</b>	<b>0.2%</b>
- <b>Female population, million</b>	<b>3.89</b>	<b>3.87</b>	<b>3.92</b>	<b>3.97</b>	<b>3.99</b>	<b>0.6%</b>
- <b>Urban population, million</b>	<b>6.47</b>	<b>6.55</b>	<b>6.59</b>	<b>6.62</b>	<b>6.70</b>	<b>0.9%</b>
- <b>Rural Population, million</b>	<b>1.64</b>	<b>1.61</b>	<b>1.60</b>	<b>1.59</b>	<b>1.58</b>	<b>-0.9%</b>
<b>Urban population as of total, %</b>	<b>79.7</b>	<b>80.2</b>	<b>80.5</b>	<b>80.7</b>	<b>81.4</b>	<b>0.5%</b>
- <b>Aged &lt;=14 YL , million</b>					<b>0.84</b>	<b>-</b>
- <b>Aged between 14-65 YL, million</b>					<b>6.51</b>	<b>-</b>
- <b>Aged &gt; 65 YL, million</b>					<b>0.88</b>	<b>-</b>
- <b>With education level of university and above, million</b>	<b>2.21</b>	<b>2.33</b>	<b>2.61</b>	<b>2.72</b>	<b>2.91</b>	<b>7.1%</b>

Source: Nanjing Bureau of Statistics, Municipal Statistical Yearbook of Nanjing, the Sixth National Population Census of China

### ■ Nanjing's urbanization rate reaches 81.4% in 2015, far exceeding provincial and national average

In 2015, Nanjing has a resident population of Nanjing of 8.23 million, a slight increase of 0.24% over the previous year. The urban resident population was 6.70 million, accounting for 81.4% of total resident population, much higher than the national urbanization rate of 56.1% and provincial urbanization rate of 66.5% in Jiangsu. The urbanization rate in Nanjing ranked the top among 13 cities in Jiangsu Province. Meantime, Nanjing's household is shrinking in size, with the average household size standing at 2.75 persons per household in 2015, a decrease of 0.02 compared to data from the sixth national census (2010).

According to China's 2010 6th population census, among Nanjing's permanent population, about 52% were males; 9.5% were aged between 0 and 14, 81.3% were aged between 15 and 64, and 9.2% were aged above 65.

The education level of Nanjing's permanent population has risen markedly, where 26.1% have attained university level, 20.8% senior secondary level, 29.7% junior secondary level and 16% primary level. As compared with the findings of the 5th census conducted 10 years earlier, the proportion of population that has attained university-level education has risen from 12,351 to 26,119 per 100,000 people.



There were 2.37 million households in Nanjing, with an average size of 2.77 persons. The average household size had decreased by 0.15 people from 10 years earlier.

### ■ Nanjing witnesses net outflow of population for three consecutive years

Nanjing has recorded a net population outflow for three consecutive years. Its floating population has been experiencing negative growth, with -1.1%, -1.6% and -0.8% grow rates in 2013, 2014 and 2015 respectively. As specified by the government, Nanjing will maintain its city center population within 6.7 million people in order to maintain health city development and guarantee sufficient resources for each resident.

### ■ Nanjing's foreigner population largely composed of students; Koreans and Americans post the largest population

According to data from the Nanjing Municipal Public Security Bureau, as of December 2013, foreign population in the city reached 24,000, among which South Koreans recorded the highest, reaching 3,635 people, followed by the United States with 1,783 people. Canadians ranked the third in total foreign population. Education remains the most common purpose for foreigners living in Nanjing, with the number of students and their families totaling 7,390, followed by foreign-funded enterprises' employees and their families, with the population reaching 6,464. Foreign teachers and their families ranked the third in Nanjing's foreign population, with a population of 1,731 people. As of early 2014, the Nanjing government has received green card application from 203 foreign applicants, among which 138 were granted the green card (including 24 experts under the national "Thousand Talents Plan"). The volume of green card application in Nanjing greatly outnumbered that in many other medium to large cities.

Occupation wise, the majority of the foreign population are undergraduate and graduate students, especially in the five universities of China Southeast University, Nanjing University, Nanjing Airline University, Nanjing Normal University, and Nanjing Medical University. Second to college students, there is also a large number of foreigners working for foreign funded enterprises and joint ventures such as Ford Automobile Engineering Research (Nanjing) Co., Ltd., LG Electronics (Nanjing) Information Electronic Materials, LG Display (Nanjing) Co., Ltd., Xixing Electronic (Nanjing) Co., Ltd., and Nanjing Kumho Tire Co., Ltd.

## 1.4 CONSUMER AFFLUENCE

**Table 5 Income and Expenditure in Nanjing, 2011-2015**

	2011	2012	2013	2014	2015	CAGR 11-15
Disposable income per capita, urban, RMB	32,200	36,322	36,200	42,568	46,104	9.4%
Disposable income per capita, rural *, RMB	13,108	14,786	14,513	17,661	19,483	10.4%
Consumer expenditure per capita, urban, RMB	20,763	23,493	25,647	25,855	27,794	7.6%
Consumer expenditure on food per capita, RMB	7,439	8,157	8,463	6,722	7,365	-0.2%
-Engel's coefficient for urban households, %	36.0	35.0	33.0	26.0	26.5	-
Consumer expenditure on medical & healthcare per capita, RMB	1,375	1,696	1,312	1,437	-	-
Consumer expenditure on entertainment, education and services, RMB	3,732	4,410	3,521	4,058	-	-
Consumer expenditure per capita, rural, RMB	9,956	11,114	12,392	12,818	14,041	9.0%
Consumer expenditure on food per capita, rural, RMB	3,731	4,091	4,585	3,858	4,212	3.1%
-Engel's coefficient for rural households, %	37.0	36.8	36.9	30.1	30.1	-5.0%
CPI increase, %	5.4	2.7	2.7	2.6	2.0	-
CPI increase % on food	11.3	5.0	5.6	2.8	2.3	-

Source: Nanjing Bureau of Statistics, Municipal Statistical Yearbook of Nanjing

\* Disposable income numbers for rural population prior to 2013 are based on net income per capita, while figures since 2013 onwards are adjusted to disposable income per capita.

### ■ Per capita income for urban and rural residents pronounce 8.3% and 10.3% growth in 2015

Robust economic growth and rising wages laid a solid foundation for Nanjing residents' income growth in recent years. The annual per capita disposable income of urban residents in Nanjing stood at RMB 46,103.62 in 2015, growing by 8.3% from the previous year. Meanwhile, per capital disposable income of rural residents reached RMB 19,482.91, up by 10.3% on year.

Both per capita income and per capita consumption of Nanjing residents exceeded the national average in value and growth. The per capita income of Nanjing residents was RMB 46,104, much higher than the national average of RMB 21,966, ranking eighth nationally and second in Jiangsu Province.

### ■ Engel's coefficient for both urban and rural areas mark steady decline

Nanjing has witnessed gradually improving living standard and consumer spending structure over the past five years, with the Engel coefficient in both urban and rural areas declining from 36% in 2010 to 26.5% in 2015 for urban residents, and from 37% in 2010 to 30.1% in 2015 for rural residents. Both coefficients are significantly lower than national average.

**Table 6 Ownership of Consumer Durables per Hundred Households, Urban in Nanjing, 2015**

	2011	2012	2013	2014	2015
Car, per hundred urban households	25.9	27.6	32.0	38.7	-
Mobile Phone, per hundred urban households	213.9	214.4	221.7	225.1	-
Fitness Equipment, per hundred urban households	7.6	8.0	5.6	7.5	-

Source: Nanjing Bureau of Statistics, Municipal Statistical Yearbook of Nanjing



## 1.5 CITY INFRASTRUCTURE AND LOGISTICS

**Table 7 Overview of City Infrastructure in Nanjing, Current**

	2014	Current	Remarks
<b>Number of train stations, passenger service</b>	<b>3</b>	<b>3</b>	-
- <b>Number of train stations for CRH</b>	<b>2</b>	<b>2</b>	-
<b>Number of civil airports</b>	<b>1</b>	<b>1</b>	-
- <b>Number of international airports</b>	<b>1</b>	<b>1</b>	Lukou International Airport (南京禄口国际机场) Passenger traffic in 2015: 19mn
- Number of domestic airlines	<b>54</b>	-	-
- Number of international airlines	<b>23</b>	-	-
<b>Number of inbound tourists, million</b>	<b>0.56</b>	<b>0.59</b>	<b>SK, US, JP</b>
<b>Number of cinemas</b>	-	<b>105</b>	-
<b>Number of museums</b>	-	<b>56</b>	-
<b>Number of theatres</b>	-	<b>20</b>	-
<b>Number of parks</b>	-	-	-
<b>Number of theme amusement parks</b>	-	<b>15</b>	-
<b>Number of public greenland areas, sq. km</b>	-	-	-
<b>Number of sports fields</b>	-	-	-
- <b>Number of large sports stadiums *</b>	<b>2</b>	<b>2</b>	-
<b>Number of hospitals</b>	<b>186</b>	-	-
-General hospitals	<b>110</b>	-	-
-A-Graded hospitals	<b>13</b>	-	-
-TCM hospitals	<b>19</b>	-	-
-Specialist hospitals	<b>50</b>	-	-
<b>Number of foreign-invested private healthcare service providers</b>			
- <b>Specialist hospitals</b>	-	-	-
- <b>Dental clinics</b>	-	-	-
<b>Number of universities</b>	<b>53</b>	<b>53</b>	-
<b>Number of mid-schools</b>	<b>223</b>	<b>223</b>	-
<b>Number of primary schools</b>	<b>345</b>	<b>350</b>	-
- <b>Number of international schools</b>	-	<b>16</b>	-
<b>Number of 3-star &amp; above hotels</b>	<b>89</b>	<b>94</b>	-
- <b>Number of 5-star hotels</b>	<b>20</b>	<b>20</b>	-
<b>Number of 5-A tourist attractions</b>	<b>2</b>	<b>2</b>	-

Source: Nanjing Bureau of Statistics, Municipal Statistical Yearbook of Nanjing, Municipal Culture, Sports, Tourism, Transportation, Medical & Healthcare, Education Statistical Yearbooks of Nanjing, etc.

### ■ Nanjing has established air, railway, road and water transport

Nanjing has convenient air, railway, highway and water transport means that connect it with other domestic and international cities.

Nanjing has one international airport, the Nanjing Lukou International Airport, with 19.15 million passenger throughput and 326,000 tons

of cargo throughput in 2015. Nanjing is one of the five major cities with direct flights to Europe, the Americas, and Australia. The airport operates flights to over 60 domestic cities and 24 overseas cities. The number of inbound visitors reached 588,000 in 2015.

In terms of railway infrastructure, Nanjing has 17 railway stations, while passenger rail service is mainly provided by Nanjing Railway Station and Nanjing South Railway Station. Other stations like Nanjing West Railway Station and Xianlin Railway Stations serve minor roles. Nanjing is connected to the national high-speed railway network by Beijing–Shanghai High-Speed Railway and Shanghai–Wuhan–Chengdu Passenger Dedicated Line.

Nanjing is one of China's key historical and cultural cities, ranking first in Jiangsu Province's cultural development performance appraisal for 5 consecutive years and first in the province's "cultural construction project" for 2 consecutive years. In 2014, the added value of culture creative and design service industry in Nanjing surpassed the cultural manufacturing industry for the first time, becoming the primary category of the ten cultural industry categories. By the end of 2015, Nanjing has 12 national cultural industrial parks, 18 provincial cultural industry parks, and 15 municipal cultural industry parks. The number of 4-A tourist attractions reached 19 and 5-A tourist attractions stood at 2. Nanjing, as the ancient capital of six dynasties and the base of the KMT government site, has many unique geographical advantages, scenery, and cultural landscape.

■ **Nanjing is renowned for its education resources, ranking top three major centers of higher education in China**

In addition, Nanjing is among the top five cities with the most abundant higher education resources, one of the three major centers of higher education, and one of the four major research and education centers in China. As of end 2015, Nanjing has 53 universities, with undergraduate students totaling 706,200 and graduate students totaling 106,400. The enrollment figures are up by 3,900 and 3,400 students from the previous year respectively.

Nanjing has 2 first-rate universities sponsored under Project 985, namely Nanjing University (南京大学) and Southeast University (东南大学). Both Nanjing University and Southeast University are among the oldest and most prestigious institutions of higher learning in China. Project 985 is a government project aimed at promoting the development of the Chinese higher education system through funding first-class universities in order to build new research centers, improve facilities, hold international conferences and attract world-renowned faculty and scholars. Nationwide, there are a total of 39 universities sponsored by Project 985. Further, Nanjing has 11 universities identified as national priority institutions under Project 211, including China Pharmaceutical University (中国药科大学) and Nanjing Agricultural University (南京农业大学). The comprehensive strength of science and education of Nanjing is only after that of Beijing and Shanghai, ranking third in the country.

■ **Nanjing offers convenient transportation and education resources for foreign visitors and dwellers**

Nanjing's Lukou International Airport operates 23 international flights, including direct flights to Europe, the Americas, and Australia. International flights to 35 overseas cities totaled 300 flights per week. In December 2016, the airport is set to expand its international flight coverage with the addition of a direct flight to Vancouver. With the increasing significance of the airport as a gateway, the opening of more international air routes is well underway.

Moreover, from January 2016, Jiangsu adopted a 144-hour visa-free transit policy to facilitate passengers from 51 countries or regions to enjoy a visa-free stay up to 144 hours when making an international transit via Lukou Airport. Passengers are allowed to travel in Jiangsu, Zhejiang and Shanghai. Nanjing is set to attract more visitors from overseas.

In the education aspect, Nanjing has 16 international schools (including international branches set up in local schools). In the medical aspect, medical institutions for foreigners are still in the development stage. In 2014, the Ministry of Commerce has decided to allow wholly foreign-owned hospitals to be set up by foreign investors in 7 provinces and cities in China, including Jiangsu Province. Currently, wholly foreign-owned hospitals in Nanjing include Taiwan-funded BenQ Hospital and the US-funded Jianwei Hospital.

■ **Nanjing to undertake river-crossing bridge construction, build new metro lines and dozens of new expressways in 2016-2020**

The 13th Five-Year Plan of Nanjing highlighted the city's objective to speed up the construction of river-crossing bridges, including the completion of the 5th Nanjing Yangtze River Bridge construction and maintenance of Nanjing Yangtze River Bridge, as well as the building of urban expressways in the city. The Plan also proposes to further improve transport means connecting Nanjing and surrounding cities through introducing new highways and airport expressways. By 2020, Nanjing is expected to have a dozen of new expressways and an improved metro network to facilitate travel for Nanjing residents and tourists. The approval and construction work of Metro Line 11 (first stage), Metro Line 4 (second stage), and Ningtian Line will support the development and construction of Jiangbei New District.

Table 8 City Logistics Details	
	Description

<b>Seaports nearby</b>	Nanjing Port
<b>Main railways</b>	Beijing-Shanghai railway, Nanjing-Shanghai railway, Nanjing-Hangzhou railway, Nanjing-Hefei railway, Nanjing-Anqing railway, Huhanrong railway.
<b>Main highways &amp; roads</b>	Nanjing has a large network of roads, including National Highway 205, 328, 312, 104, and 347 in plan, as well as the Nanjing-Hefei expressway, the Nanjing-Hangzhou expressway, the Nanjing-Nantong expressway, the Nanjing-Shanghai expressway, the Nanjing-Wuhu expressway, and the Nanjing-Lianyungang Expressway. There are 11,353 km of graded highways in Nanjing by the end of 2014, of which 613 km are expressways.
<b>Key water transport network</b>	Yangtze River.
<b>Airports</b>	Nanjing Lukou International Airport for civil, and Nanjing Ma'an International Airport for military use.
<b>Trade Zone</b>	(1)Nanjing Free Trade Zone WEB : <a href="http://www.njftz.cn/">http://www.njftz.cn/</a> Tel:86-25-86373771 (2)Nanjing Export Processing Zone, WEB: <a href="http://js.zhaoshang.net/yuanqu/detail/3975">http://js.zhaoshang.net/yuanqu/detail/3975</a> TEL:400-866-3132

Source: *Nanjing Statistical Yearbook, Nanjing government portals, etc.*

### ■ Nanjing Lukou Airport serves as Jiangsu's only port of entry for chilled aquatic imports

According to the Nanjing Entry-Exit Inspection and Quarantine Bureau, in January-October 2016, 165 batches of fresh produce totaling 521.6 tons in volume and USD 3.758 million in value were imported from Nanjing Lukou Airport, covering fresh aquatic products, fresh fruits, fresh milk and other common food and agricultural products. Notably, as the only port of entry for chilled aquatic imports in Jiangsu, Nanjing Lukou Airport witnessed a significant growth in the volume of aquatic imports. The majority of imported aquatic products are from Chile, Faroe Islands, Canada, the U.K., and Australia.

## 1.6 RETAIL AND FOODSERVICE REVENUE

**Table 9 Sales Revenue of Retail and Foodservice, in Nanjing, 2011-2015**

	2011	2012	2013	2014	2015
<b>Total retail sales of consumer goods, RMB billion</b>	<b>267.0</b>	<b>310.3</b>	<b>350.4</b>	<b>416.7</b>	<b>459.0</b>
<i>Real GR %</i>	<b>17.8</b>	<b>15.4</b>	<b>13.8</b>	<b>12.9</b>	<b>10.2</b>
- <b>Non-store based retail sales, RMB billion</b>	<b>4.2</b>	<b>6.5</b>	<b>1.2</b>	<b>9.2</b>	<b>-</b>
<i>Real GR %</i>	<b>-</b>	<b>54.8</b>	<b>-81.5</b>	<b>+100</b>	<b>-</b>
- <b>Online retail sales, RMB billion</b>	<b>2.2</b>	<b>13.8</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Real GR %</i>	<b>-</b>	<b>+100</b>	<b>-</b>	<b>-</b>	<b>-</b>
- <b>Retail sales of wholesale and retailing, RMB billion</b>	<b>151.1</b>	<b>279.3</b>	<b>320.3</b>	<b>370.3</b>	<b>419.3</b>
<i>Real GR %</i>	<b>17.8</b>	<b>15.3</b>	<b>14.7</b>	<b>14.8</b>	<b>10.8</b>
- <b>Sales of wholesale, RMB billion</b>	<b>30.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Real GR %</i>	<b>31.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- <b>Sales of retailing, RMB billion</b>	<b>120.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Real GR %</i>	<b>21.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- <b>Retail sales of lodging and foodservice, RMB billion</b>	<b>24.8</b>	<b>28.7</b>	<b>30.0</b>	<b>46.4</b>	<b>39.7</b>
<i>Real GR %</i>	<b>16.6</b>	<b>15.9</b>	<b>4.8</b>	<b>0.1</b>	<b>4.1</b>
- <b>Growth rate % for retail sales of oil &amp; food by scaled companies</b>	<b>23.7</b>	<b>18.5</b>	<b>9.7</b>	<b>11.2</b>	<b>12.5</b>
- <b>Growth rate % for retail sales of communications by scaled companies</b>	<b>64.0</b>	<b>81.1</b>	<b>2.6</b>	<b>-0.7</b>	<b>19.7</b>
- <b>Growth rate % for retail sales of medical &amp; healthcare by scaled companies</b>	<b>48.9</b>	<b>28.7</b>	<b>19.3</b>	<b>20.5</b>	<b>14.8</b>
- <b>Growth rate % for retail sales of sports &amp; entertainment by scaled Companies</b>	<b>13.7</b>	<b>23.7</b>	<b>-9.0</b>	<b>7.9</b>	<b>-</b>
- <b>Growth rate % for retail sales of cars by scaled companies</b>	<b>18.8</b>	<b>9.1</b>	<b>9.9</b>	<b>10.0</b>	<b>-</b>

Source: Nanjing Bureau of Statistics, Municipal Statistical Yearbook of Nanjing

### ■ Retail sales of consumer goods maintain double-digit growth over past five years

The total retail sales of consumer goods in Nanjing slowed down in the past five years but maintained double-digit growth. In 2015, total retail sales of consumer goods reached RMB 459.0 billion, growing by 10.2% in real growth terms. Between 2011 and 2013, the annual growth rates of total retail sales of consumer goods in Nanjing are higher than the national level. In 2014, Nanjing's total retail sales of consumer goods ranked the top in Jiangsu province, benefiting from its radiating effect on surrounding areas. Trade sources showed that about 40% of total retail sales in Nanjing was contributed by non-Nanjing-resident consumers, especially those coming from cities and regions within one-hour drive from Nanjing. Over the years, international premium brands have consecutively tapped into Nanjing market. In addition, the rise of commercial complexes such as the Water City, the Rainbow City, and Forest Moore attracted more people into the city, driving up consumption.

Notably, Nanjing is home to several large-scale retail enterprises. According to "China's Top 100 Retailers" ranking list last year, there are 6 retailers with annual sales exceeding RMB 100 billion, of which 2 are Nanjing-based, including Suning and Yurun Group. Other retailing enterprises such as Hongtusanbao under SanPower Group, China Resources Suguo, the Central, Xinbai, Golden Eagle and Deji have expanded their chains nationwide, further enlarging Nanjing's commercial radiation across the country.

### ■ Online retailing accounts for 24% of total retail sales in Nanjing in 2015, ranking first in Jiangsu

E-commerce has developed into Nanjing's new force of economic growth. According to the Municipal Bureau of Commerce, Nanjing's e-commerce transactions reached RMB 661.6 billion and RMB 871.5 billion in 2014 and 2015, up by 27.3% and 30.9% respectively. Nanjing's network retail sales accounted for nearly 24% of the city's total retail sales value, ranking first in Jiangsu Province and far exceeding the national average of 6.3%. Meantime, online retail sales recorded RMB 143.2 billion, an increase of 44.9% from the previous year, outperforming the national growth.

### ■ Leisure and entertainment consumption registers strongest growth

According to Nanjing's Bureau of Statistics, in 2015, the retail sales of Chinese and Western medicines by scaled manufacturing enterprises increased by 14.8%, while the retail sales of grain and oil, and foodstuff by scaled enterprises increased by 12.5%, reflecting steady demand for daily necessities. Meantime, improved living standard has led to growing demand for leisure and entertainment goods and services. The retail sales of communications by scaled enterprises grew 19.7% on year.

### ■ Retail sales of wholesale & retailing maintains 10.8% growth, while lodging & foodservice records mild recovery

In 2015, the retail sales of wholesale and retailing in Nanjing increased by 10.8% on year to reach RMB 419.3 billion, on par with the national average growth rate. Despite registering decelerating growth over the past five years, largely owing to enlarging market base, the sector remained robust, supported by consumers' rising spending power. Meantime, partially impacted by the macroeconomic slowdown and transition of the foodservice industry to mass-end dining, retail sales of lodging and foodservice recorded mild growth of 4.1% in 2015, reaching RMB 39.7 billion.

**Table 10 Number of Business Entities, Employment in Retail and Foodservice Industries in Nanjing, 2013**

Y2013	# of Business Entities	# of Employed (‘000 people)	Total Assets, (RMB billion)
<b>Wholesale &amp; Retailing</b>	<b>1,442</b>	<b>271.52</b>	<b>481.7</b>
- <b>Retailing</b>	<b>1,165</b>	<b>159.31</b>	<b>126.1</b>
-Mixed Retailing	71	62.45	41.2
-Food, beverage, and tobacco	318	19.74	5.1
-Culture and sports	114	6.43	3.5
-Medical & medical instruments	79	8.36	8.6
-Kiosk, non-store based and others	52	6.52	4.4
<b>Lodging &amp; Foodservice</b>	-	-	-
- <b>Foodservice</b>	-	-	-

Source: The municipal statistical bulletin of 3rd Economic Census of Nanjing in 2013

## 1.7 CITY PLANNING

### ■ Nanjing targets 8% GDP growth during 2016-2020

During 2016-2020, the average annual growth rate of regional GDP is projected at 8%, with per capita disposable income reaching RMB 60,000. By 2020, the urbanization rate in Nanjing is expected to reach 79%. Further, the government aims to lift the low-income population, those with annual income of less than RMB 9,000, out of poverty by 2020. Per capita income for both urban and rural residents will double the 2010 level by the end of 2020.

In terms of industrial restructuring, Nanjing will focus on the development of its service sector. The added-value of the service industry is expected to account for more than 60% of the regional GDP.

In terms of regional investment projects, Nanjing will focus on the development of 'One-Core, Two-Wings, Three-Poles and Four-Cities'. 'One-Core' refers to one core city; 'Two-Wings' refer to the Jiangbei New district and Southeast Science and Technology innovation demonstration zone; 'Three-Poles' refer to the three hubs including airports, seaports and high-speed railway; 'Four-cities' refer to the four vice cities including Dongshan, Xianlin, Lishui, and Gaochun.

Transportation infrastructure projects to be carried out include the Lukou International Airport Reconstruction Project. The Nanjing government plans to renovate Nanjing Lukou International Airport Terminal T1, launch transcontinental flight to Europe, Americas, and Australia, open new air routes to South Asia, Central Asia and West Asia, and expand routes to Northeast Asia and Southeast Asia. By 2020, direct flights to major trade countries and regions will account for 70% of all flights.



Further, Nanjing will improve the system of special social assistance and encourage the set-up of private hospitals. Medical institutions specializing in recovery treatment, long-term care, chronic disease management and palliative care will be prioritized. Further, the city will encourage foreign joint ventures on cooperative medicine treatment and medical institutions wholly owned by qualified foreign capital.

In terms of cultural development, the government plans to promote the city's cultural heritage and support international cultural exchange. Nanjing will promote the joint application of the City Walls of the Ming and Qing Dynasties for UNESCO World Heritage list. Additionally, Nanjing will actively apply to be the host city of international sports events such as the Nanjing International Marathon, World Speed Roller Skating Championships, and World Swimming Championships.

On talent introduction, the government will prioritize high-end talent import and training of science and technology experts to support the development of a high-tech zone in Nanjing. Further, the government will cultivate innovative entrepreneurs through assisting college students in starting up new businesses.

## 1.8 LOCAL CUSTOMS AND PRACTICES

### ■ Local cuisine characterized by specialty duck dishes

Nanjing's duck dishes are well-known throughout the country; the duck dishes were kept in the record in Southern Dynasty as early as 1,400 years ago; besides salted duck, there are pressed salted duck, Jinling roast duck, barbecued duck, Jinling sauced duck, fragrant crisp duck, and pearl duck with eight precious ingredients, salted duck gizzard, etc.

### ■ Diverse nightlife for local and international residents

Traditionally Nanjing's nightlife was mostly centered on Confucius Temple area along the Qinhuai River, where night markets, restaurants and pubs thrived. Boating at night in the river was a main attraction of the city. In the past few years, several commercial streets have been developed; hence the nightlife has become more diverse. There are shopping malls opening late in the Xinjiekou CBD and Hunan Road. The well-established "Nanjing 1912" district hosts a wide variety of pastime facilities ranging from traditional restaurants and western pubs to dance clubs. There are two major areas where bars are densely located; one is in 1912 block; the other is along Shanghai road and its neighborhood. Both are popular with international residents of the city.

## 1.9 OTHERS

**Table 11 List of Tourist Attractions in Nanjing**

Tourist Attraction	Description
Sun Yat-Sen Mausoleum (中山陵)	Located at the south side of Mount Zijin, it is Dr. Sun Yat-sen's mausoleum who is recognized as a great Chinese democratic revolutionary pioneer.
Ming Xiaoling Mausoleum (明孝陵)	Located at the southern foot of Mount Zijin, it is the tomb of the first Ming Dynasty (1368-1644) emperor Zhu Yuanzhang and his empress.
Linggu Temple (灵谷寺)	A Buddhist temple built in 514, during the Southern Dynasty (420-589), as a burial site for the famous monk Baozhi.
Confucius Temple (夫子庙)	A place to worship and consecrate the great philosopher and educator of ancient China Confucius.
Xuanwu Lake (玄武湖)	China's largest imperial lake and one of the three famous lakes in southern China,

Source: Nanjing Tourism Commission and other government portals

**Table 12 List of National of International Events in Nanjing**

Exhibitions/Trade Shows	Time	Event Description
Nanjing International Art Festival	2014-2016	An annual art festival that acts as a platform to support the development of artists.
CIGRE Study Committee B5 Annual Meeting and Colloquium	2015	Annual meeting hosted by the Chinese National Committee for CIGRE, an international council on large electric systems.
Asia-Pacific Microwave Conference	2015	An international forum for the exchange of information on the R&D of electromagnetic wave and related fields.
Sports events	Time	Event Description
FIBA Basketball World Cup	2019	A World Cup for men's national basketball teams.
Nanjing International Marathon	2015-2016	An international marathon event with full marathon, half marathon and mini jogging events. The event recorded 20,000 participants from 20 different countries.
Summer Youth Olympic Games	2014	An international sports, education and cultural festival for teenagers, held from 16 to 28 August 2014.

Source: Nanjing International Expo Center and other government portals

## 2. RETAILING SECTOR ‘DEEP-DIVE’ FOR NANJING

### ■ Nanjing’s grocery retailing sector dominated by China Resources Suguo

Nanjing currently has hypermarket chains of China Resources Suguo, Walmart and Metro. China Resources Suguo is ahead of other hypermarket chains in term of the number of outlets and market influence. As of December 2016, China Resources Suguo has 39 hypermarket outlets, while Walmart has 7 outlets, RT-Mart has 6, Carrefour has 4 Metro has 2, and Auchan has 2. These hypermarkets mostly provide domestic-brand products, but most of them have designated shelves for imported products. Driven by increasing consumer purchasing power and changing consumption patterns, hypermarket operators such as Suguo are seen changing their product offerings to include more diversified fresh food products and mid-to-high-end products. Moreover, driven by consumers’ rising health awareness, retailers such as Metro are seen expanding their portfolio of organic vegetables and fruits.

In the supermarket universe, Hualian Supermarket dominates with more than 150 outlets in Nanjing. Trust-Mart has 65 outlets, while Suguo has 58 and Baijia has 30. These supermarkets typically sell domestic-brand products. In recent years, supermarket operators are also increasing the percentage of fresh food product offering to cater to growing consumer needs.

Meanwhile, Nanjing is home to several boutique stores, including Golden Eagle Group-owned Gmart and Beijing Hualian-owned BHG Market Place. Boutique stores have a large imported product offering, targeting middle-class consumers with strong spending power.

In the convenience store sector, the leading brand is Howdy CVS (owned by Suguo). As of October 2016, Howdy has 436 outlets in Nanjing, covering major metro stations, communities and streets. With 15 years of history in Nanjing, Howdy enjoys high brand recognition and government support. Another leading convenience store brand is SINOPEC-owned Easy Joy 365. As of October 2016, there are 25 Easy Joy outlets in Nanjing. In general, the convenience stores offer limited fresh foods and ready-to-eat meals owing to logistics constraints and limited demand.

China Resources Suguo, established in 1996, is the largest chain supermarket enterprise in Jiangsu. Particularly, Suguo has significant market presence in Nanjing, Hefei, Maanshan, Lianyungang and Huainan. Suguo operates in a wide range of retail formats, including hypermarket, community store (supermarket) and CVS. To date, Suguo has a total outlet universe of 2,086 outlets with annual sales revenue reaching RMB 30.8 billion in 2015. In Nanjing, Suguo has 39 hypermarkets, 58 community stores and 436 CVS. By sales revenue, the enterprise ranked the second in the “Top 100 Franchises in 2015” published by China Chain Store & Franchise Association (CCFA). Its parent company, China Resources, ranked the first in the “Top 100 FMCG Chain Stores in 2015” with sales revenue totaling RMB 109.4 billion. In 2015, China Resources Suguo commands over 25% market share of the grocery retailing landscape in Nanjing.

Lianhua Supermarket, established in 1991, is a chain supermarket enterprise based in Shanghai. Hualian operates under retail formats of hypermarket, supermarket and CVS, with extensive market presence in over 100 cities such as Shanghai, Beijing, Tianjin, Nanjing, etc. the enterprise ranked the fourth in “Top 100 FMCG Chain Stores in 2015” published by CCFA with sales revenue of RMB 60.5 billion in 2015. Lianhua has an estimated 7% market share of the grocery retailing market in Nanjing.

Foreign-based hypermarket chains of RT-Mart, and Walmart followed with estimated market shares of 5% and 4% respectively in 2015. RT-Mart currently operates 5 outlets in Nanjing, while Walmart currently has 6 outlets.

### ■ Hypermarkets, supermarkets and boutique stores home to diverse imported product offerings

Imported fresh food products are typically sold in hypermarkets, supermarkets and boutique stores. Suguo hypermarket offers a broad range of imported products, including fruits, dairy, nuts and wine. The offering of imported fruits is very diverse, ranging from oranges from South Africa to apples from Chile; kiwis from New Zealand to avocados from Mexico, Malaysia and the U.S. The majority of dairy products are from New Zealand. Popular nut products are from Thailand. Wine offering includes Castel from France, bock beer, and sherry from Germany and the U.S., red wine from Italy and Australia, and Spain. Boutique stores have a higher percentage of imported products in terms of total merchandise offering. Typical imported products offered include fruits (pitaya from Vietnam, Zespri kiwi from New Zealand, oranges from South Africa and Australia, coconut from Thailand, peach from the US, avocado from Chile), seafood (shrimp from Vietnam, sweet shrimp from Canada, Salmon from Norway, saury from Japan), nuts (pecan, almond and mixed nuts from the US and Canada, pistachio nuts from Malaysia and cashew nuts from South Korea,) and wine (dry red wine from France, Germany, the US and Australia).

In some high-end convenience stores, imported fruits and nuts are sold. Popular nut products are pecan from the US and cashew nuts from South Korea.

### ■ Hypermarkets, supermarkets and boutique stores broaden product offerings; to remain maintain retail channels

The modern retailing sector in Nanjing has seen rapid development over the past few years, particularly driven by expansion of domestic retailer giant China Resources Suguo. Notably, modern retail channels are aggressively broadening their product offering to meet consumers' growing demand for imported goods. Hypermarkets, supermarkets and boutique stores are estimated to be the mainstream channels in the future. Meantime, there is a growing number of street boutique fruit shops such as Yunxiguole and Baiguoyuan, offering a large number of imports fruits such as New Zealand Kiwi and fruits imported from Southeast Asia countries.

**Table 13 Major Modern Grocery Retailers and the Outlet Number in Nanjing, Current**

Store type	Name of retailer	HQ location in China	# of outlets in the city	Positioning	Imported fresh food
Hypermarket	CR Suguo	Nanjing	39	Mass-end	Fruits: Grapefruit and orange from South Africa, apple from Chile, kiwi fruit, apple from New Zealand; rambutan from Vietnam; avocado from Mexico; durian from Thailand Liquid Dairy: Milk from New Zealand Nuts: Peanut, cashew nut, pistachio nuts from Thailand. Wine: Castel from France, bock beer, sherry from Germany and the U.S. dry wine from Italy, Australia, Vodka from Sweden, claret from Spain;
Supermarket	Suguo supermarket	Nanjing	58	Mass-end	Fruits: Apple from New Zealand; durian from Thailand; wax apples from Taiwan Liquid Dairy: Milk from New Zealand Nuts: Pecan from the U.S., cashew nut from the U.S., Malaysia
Boutique store	Jinying	Nanjing	4	Mid- to high-end	Fruits: pitaya from Vietnam, Zespri from New Zealand; durian from Thailand; orange from South Africa and Australia; coconut from Thailand; Peach from U.S., pineapple from Thailand; avocado from Chile; Meat: Shrimp from Vietnam, sweet shrimp from Canada; salmon from Norway, cod from the Atlantic Ocean; Saury and Octopus from Japan Nuts: Pecan from the U.S., Canada; almond from the U.S., Vietnam; cashew nut from South Korea; mixture nuts from Canada and the U.S., pistachio from the U.S., Malaysia Wine: Dry wine from France, Germany, the U.S, Australia, Spain; white wine from Spain, France, the U.S., bourbon from the U.S.

Source: Euromonitor estimates from desk research, retailer website analysis and primary fieldwork

Note: **Hypermarket** refers to chained or independent grocery retail outlets with a typical selling space of over around 3,000 square meters which are frequently located in out-of town sites or as the anchor store in a shopping center and with a primary focus on selling food/beverages/tobacco, other groceries, as well as a range of non-grocery merchandise such as consumer appliances, toys, magazines, etc.

Examples of hypermarket brands in the PRC include Carrefour, Walmart, Tesco, Auchan. For the avoidance of doubt, the term “hypermarket” shall exclude cash and carry, warehouse clubs and mass merchandisers.

**Supermarket** refers to chained or independent grocery retail outlets (excluding discounters, convenience stores and independent grocery stores) exhibiting a broad offering of groceries including fresh food (e.g. vegetables, fruits, meat), as well as a limited offering of non-grocery products such as health and beauty products, electronics and appliance products, etc. Supermarkets are widely located in residential neighborhoods, central business districts and commercial areas, railway stations, schools, etc., with a typical selling space of between approximately 400 and 3,000 square meters. For some store outlets with a selling space of less than about 400 square meters, but exhibiting main operating characteristics of the supermarket retail format, such as mainly selling grocery products, including fresh food (e.g. vegetables, fruits, meat), and with regular and limited operating hours (different from convenience stores which usually exhibit extended operating hours) can be included in the supermarket category. Examples of supermarket brands in China include Lianhua, CR Vanguard, NGS-mart, Jia Jia Yue, Wenfeng, Wumart, etc. For the avoidance of doubt, the term “supermarket” shall exclude discounters, convenience stores and independent grocery stores.

**Convenience store** refers to chained grocery retail outlets with extended working hours selling a wide range of groceries, usually handling two or more of the following product categories: audio-visual goods, take-away food, newspapers or magazines, cut flowers or potted plants, greeting cards. Convenience stores are usually located in residential neighborhoods, central business districts and commercial areas, metro and railway stations, schools, etc. with a typical selling area of less than around 400 square meters.

**Vanguard stores** include the super/hypermarkets and fresh marts under the Vanguard brand, while its OLE’ and BLT stores are grouped into Boutique Stores.

**Walmart stores** include both Walmart and Trust-mart outlets, excluding **Sam’s Club** which is classified as a warehouse club rather than super/hypermarket.

### ■ Local brands dominate retail wine market

Local consumers purchase wine for different occasions, such as family and friend gatherings or gift giving. For self-consumption, most of the consumers prefer local brands such as Changyu and Great Wall given their affordable pricing and decent taste. For gift giving, most of the consumers would choose foreign brands given their associated high quality and attractive packaging design. The most popular origins of imported wine are France and Australia. While old world wines are comparatively more popular, Australian wine is gaining popularity due to its low pricing. There is no distinct preference for the vintage year. Popular wine products are priced in the range of RMB30 to RMB100 per bottle. The ratio of domestic brands vs international brands sold in supermarkets is around 60:40%.

### ■ Increasing consumer affluence and changing consumption pattern drive wine consumption

Jiangsu Province as a whole has long been a promising market of imported wine, supported by the region’s robust economic development. Further, the two major cities in Jiangsu, namely Suzhou and Nanjing, are home to significant middle class population, serving as potential consumers of imported wine. Aggressive advertising and promotion by foreign brand owners and distributors have boosted wine consumption in Nanjing over the years. Additionally, provision of wine tasting and wine training courses, such as the roll-out of the Master Class by Médoc wine practitioners in 2016, are expected to continue driving wine consumption.

### ■ Hypermarkets account for an estimated 35% of retail grocery sales

**Table 14 Est. Retail Sales Share (%) of Imported Fresh Food by Modern Grocery Retailers, Current**

Store type	Sales Share (Value %)	Key Import Fresh Food Categories	Source: Euromonitor estimates from desk research, store-audits and primary trade interviews
Hypermarket	35%	Fruits, Seafood, Nuts, Wine	
Supermarket	25%	Fruits, Nuts	
Convenience Store	5%	Fruits Nuts	
Boutique Grocery Store	10%	Fruits, Seafood, Nuts, Wine	
Warehouse club	-	-	
Food Specialist	5%	Nuts, Crackers and Biscuits	
E-commerce	15%	Fruits, Seafood, Nuts, Wine	
Others	5%	Fruits	
<b>TOTAL</b>	<b>100%</b>	-	

### business with adoption of integrated online + offline model

Impacted by the rapidly developing e-commerce and modern retailers, traditional retail channels have been declining in both outlet number and presence. It is also worth noticing that a significant number of physical stores have adopted a new business model integrating offline

### ■ Modern retailers expand

and online sales. Suning Group introduced a new business strategy called the ‘Internet + Retail’ in 2009 and established a strategic cooperation with Alibaba. In addition, large shopping mall groups such as Golden Eagle and Central Emporium have either set up their own online stores or partner with third-party e-commerce platforms.

### ■ Limited sales of imported fresh foods in traditional grocery channels; specialty fruit shops offer imported fruits

Traditional retail channels in Nanjing in general do not sell imported foods. However, specialty fruit shops have gained popularity in recent years, with chained fruit store brands such as Baiguoyuan and Yunxiguole selling domestic and imported fruits such as apple from Chile and the U.S., oranges from South Africa and coconuts from Thailand.

Nanjing Baiyunting Agricultural Products Wholesale Market (南京白云亭农副产品市场), located in Xiaguan District, is one of national-level wholesale markets in Nanjing. The market covers an area of 50,000 sq. m. and generates annual sales revenue totalling RMB 2 billion. The market comprises trading departments for fresh produce, poultry and livestock products, grain and oil as well as other agricultural products.

Nanjing Jinbao Tianyinshan Agricultural Products Wholesale Market (南京金宝天印山农产品批发市场), located in Jiangning District, is one of the major wholesale markets identified as the priority development project of Nanjing government. The market covers an area of 500mu. The market offers fruits, vegetables, poultry and aquatic products.

■ List of outlet number for below non-grocery retailers and leading chain operators in other consumer fields in the city

Table 15 Est. Outlet Universe for Non-grocery Retailers, Current			Source: Euromonitor estimates from desk research, store-audits and primary trade interviews
Sector	Brand Name	Outlet Number	
Apparel (Fast Fashion)	UNIQLO	10	
Apparel (Fast Fashion)	GAP	6	
Apparel (Fast Fashion)	ZARA	4	
Apparel (Fast Fashion)	H&M	7	
Apparel (Luxury)	LV	1	
Consumer Goods	Muji无印良品	8	
Consumer Goods	Niniso名创优品	15	
Drugstore	Watsons	47	
Beauty Store	Sephora	6	
4S Store	BMW	2	
4S Store	BUICK	4	
4S Store	BYD	6	
4S Store	Ford	1	
Shopping mall	Wanda万达	3	
Shopping mall	MIXC万象城	0	
Property	Greenland绿地	521	
Property	Vanke万科	9	
Property	Shimao世茂	6	
Finance	CMBC民生银行	28	
Finance	CIB兴业银行	21	
Finance	CEBB光大银行	17	
Finance	CMB招商银行	40	
Finance	HXB华夏银行	30	

### 3. FOODSERVICE ‘DEEP-DIVE’ FOR NANJING

#### ■ Local cuisine characterized by sweet tastes; spicy cuisine gains popularity in recent years

Local Nanjing cuisines, otherwise known as Jinling cuisines, are famous for their quality ducks and a whole variety of duck dishes.

Moreover, local Nanjing dishes are characterized by sweet tastes. Almost all of the local dishes are cooked with sugar. That said, Nanjing locals have less sweet mouths than Suzhou and Wuxi locals. In recent years, Sichuan and Chongqing hot pot has become quite popular in Nanjing. Trade sources have indicate that the degree of passion for hot pot among Nanjing residents ranks top 5 among all the cities in China.

According to third-party restaurant service platform Dazhongdianping, the top three popular restaurants in Nanjing as of September 2016 are Nanjing Hall (Nanjing, Jiangsu and Zhejiang cuisine), Mystic South-Yunnan Ethnic Cuisine (Yunnan and Guizhou cuisine) and Bashudazhaimen Hot Pot.

#### ■ Nanjing people eat out frequently

Nanjing residents dine out for family gatherings, friend reunions, dating, business dining and wedding. On occasion of large family gatherings, consumers usually choose to go to traditional Chinese restaurants. Other types of restaurant, such as Japanese and Korean cuisine restaurants, western restaurants, buffet, and hot pot places are popular for small family gathering. On occasions of friend reunions, the most popular restaurants by cuisine types are Chinese cuisine, hot pot, and Japanese cuisine. On the other hand, on formal occasions such as business dinners, consumers generally dine in western food restaurants or high-end Chinese-style hotels.

According to a survey conducted by [www.wacai.com](http://www.wacai.com), the average expenditure on dining totaled RMB 928 a month, up by 8% from 2012 level. The average spending is the highest among all Jiangsu cities. In particular, spending on midnight snacks saw the largest increase, up by 43% from four years ago.

#### ■ Chinese cuisine brands lead Nanjing’s foodservice sector

Leading foodservice brands in Nanjing include Chinese full-service restaurants of South Beauty (2 outlets), Chef Queen (10 outlets), Nanjing Dapaidang (9 outlets), Grandma’s House (6 outlets) and Green Tea (2 outlets); hot pot chains of Little Sheep (10 outlets), Haidilao (6 outlets), Daimei Hot Pot (21 outlets) and Tongdelai Hot Pot (19 outlets); western full-service restaurants of Wangpin Steak House (3 outlets).

#### ■ Western cuisines enjoys moderate level of popularity

Western cuisine enjoys moderate level of popularity in Nanjing. As of September 2016, there are 77,629 restaurants (excluding cafes and bakeries) registered on Dazhongdianping, including 1,551 western restaurants (equivalent to 2.3% of total registered restaurants). Among them, 184 restaurants feature pizza, 187 restaurants feature steak and 159 restaurants specialize in pasta. In comparison, the number of registered Japanese cuisine restaurants totaled 880 (1.3% of total), while Korean cuisine restaurants totaled 842 (1.26%).

#### ■ Opportunities and challenges of American/Western restaurants

Advantages	Challenges
Rising popularity of American culture may carry over to other aspects	Moderate-to-low level of popularity of American food/Western restaurants
Rising consumer spending power	Lack of novelty among American food/Western restaurants

#### ■ Imported aquatic products mostly commonly used by mid-to-high-end restaurants

Imported seafood such as fish and shrimp is commonly used by Chinese cuisine restaurants and Chinese hot pot chains (e.g. Haidilao).

Mid-to-high-end Chinese cuisine restaurants (e.g. South Beauty) would use imported lobster and crab as well as beef products. Japanese cuisine restaurants typically use imported Arctic shellfish, salmon, tuna and prawns. Western steak houses (e.g. Wangpin Steak House, Fang Fang’s French Restaurant) typically purchase Australian beef, New Zealand lamb, cod and Arbor Mist Peach Chardonnay.



**Table 16 Outlet Number of Leading Foodservice Chains and the Use of Imported Fresh Food in Nanjing, Current**

Store type	Name of Leading Brands	# of outlets in the city	Positioning	Use of imported fresh food
Chinese FSR	Grandma's House外婆家	6	Mass-end	Prawn, fish
Chinese FSR	South Beauty俏江南	2	Mid- to high-end	Prawn, crab, fish
	Liuhaogongguan 六号公馆	1	Mid- to high-end	Lamb, fish
Hot-pot chains	Haidilao海底捞	6	Mass-end	Beef, wine
	Yuhuanlingxian Hot Pot 余欢领鲜火锅	1	Mid- to high-end	Russian crab, Alaskan crab, salmon, Boston lobster, Australian beef
Pizza food	Pizza Hut	16	Mass-end	wine
Steakhouse	Wangpin Steak House王品牛排	2	Mid- to high-end	Beef, lamb, cod, Arbor mist peach chardonnay
Western FSR	Larôme芳芳法餐厅	3	Mid- to high-end	Beef, cod, wine
	MIA Restaurant Bar 新派餐厅酒吧	2	Mid- to high-end	Boston lobster, beef
	Eminence Cellar香松酒窖	1	Mid- to high-end	Cod, beef
Japanese-flavored FSR	Who's Sashimi糊世刺身	37	Mass-end	Salmon, lobster, beef
	Dayu Teppanyaki 大渔铁板烧	6	Mid- to high-end	Cod, salmon, scallop, prawn, beef, lamb
	Yusiji Japanese Restaurant 鱼四季创作日本料理	3	Mid- to high-end	Salmon, cod, scallop
Korean-flavored FSR	Benjia本家韩国料理	2	Mass-end	-
Other Asian-flavored FSR	Banana Leaf蕉叶	4	Mass-end	Crab
American-flavored FSR	Punchline American Restaurant 弥多Punchline美式西餐厅	2	Mass-end	Beef
Western QSR	KFC	156	Mass-end	-
Chinese QSR	Laoniangjiu老娘舅	19	Mass-end	-
Dessert chains	Maoshanwang猫山王	22	Mass-end	Durian
Café & Bars	Starbucks	72	Mass-end	-
Regional specialists	Ziyan Baiweiji紫燕百味鸡	120	Mass-end	-

Source: Euromonitor estimates from desk research, retailer website analysis and primary fieldwork

Note: Mass-end pricing refers to restaurants with per capita spending of less than RMB 200. Mid-to-high-end pricing refers to restaurants with per capita spending in the range of RMB 200-500.

## ■ French wine most commonly consumed in foodservices

Nanjing people typically consume wine on occasions such as friends gathering and business dinners. The most common places of wine consumption are Western cuisine restaurants and mid-to-high end Chinese cuisine restaurants. Local consumers prefer imported wine from France with pricing below RMB 200 per bottle.

#### ■ Frequent restaurant promotions encourage consumption of imported wines in foodservices

Nanjing locals are noted gradually increasing wine consumption in the foodservice channel as a result of restaurant operators' frequent promotions. Many restaurant operators like J'Go L' arôme now offer coupons for set meals that may include wines or roll out Lady's Night events to attract customers and encourage wine consumption. In addition, there are quite a few wine cellar restaurants and bars such as Bar Neuf (Jieseng Yangfang) that host cocktail and wine parties to attract customers. Further, the overall growing consumer affluence and sophisticated demand for quality dining experience boosted wine consumption in restaurants.

#### ■ Leading regional food processor: China Yurun Food Group

China Yurun Food Group Limited is a pioneer in low temperature meat production in China. With advanced manufacturing technology, Yurun offers a wide range of pork products, including chilled pork, frozen pork, low temperature meat products and high temperature meat products. The products are marketed under the brands of Yurun, Popular Meat Packing, Furun and Wangrun. Yurun's meat products are exported to South Korea, Australia, New Zealand, Russia, Singapore, Hong Kong, Macao and other countries. Yurun recorded RMB 20 billion in revenue in 2015. Its capacity of hog slaughter is more than 18 million per annum, ranking the first in China. At present, Yurun ranks the 53rd among Chinese top 500 manufacturing enterprises.

Nanjing Weigang Dairy Co., Ltd. is the largest dairy manufacturing enterprise in Jiangsu. The company currently operates four major industrial manufacturing bases in Nanjing, Taizhou, Xuzhou and Wuhu and a total of 17 dairy farms, producing close to 200 types of dairy products. Its Nanjing Weigang Chunhua demonstration dairy farm was awarded the '15th National Major Science and Technology Project Award' and is a demonstration base of production, technology and industrialization integration. Nanjing Weigang has over 6,000 point-of-sales across Jiangsu, Anhui, Shandong, Zhejiang, Henan, Shanghai, Fujian and Hainan.

## 4. HOTEL & INSTITUTIONS ‘DEEP-DIVE’ FOR NANJING

### ■ List of major hotel chain operators.

**Table 17 Outlet Number of Selected Hotel Chain Operators in Nanjing, Current**

Name	# of outlets in the city
Intercontinental Hotels	5
Hyatt Hotel	0
Marriott International	1
Starwood	9
GreenTree Inn	56
JingJiang Star	30
Rujia Inn	79
Jin Ling Hotel (金陵酒店)	11
Qing Mu (清沐)	32

Source: Euromonitor estimate from desk research and company website analysis

### ■ Nanjing’s hotel industry registers tepid growth; strong dynamics in tourism industry offset by national economic slowdown and cuts in hospitality spending

Nanjing is a popular tourist city in China. The number of domestic travelers increased by more than 5 million per year in the past three years, reaching 101.7 million in 2015. Meanwhile, the number of inbound tourists exceeded 588,000. Nanjing received RMB 168.8 billion in tourist receipts in 2015, reflecting an annual growth of 11.0%.

Despite the strong momentum in the tourism industry, Nanjing’s hotel industry was not immune from the economic slowdown on a national scale and cuts in hospitality spending by government officials. The total revenue of star hotels in Nanjing stood at RMB 3.3 billion in 2015, edging up by 2.46% over the previous year. Specifically, the revenue of hotel accommodation, catering, and other services was RMB 1.5 billion, RMB 1.4 billion, and RMB 317 million, respectively. The average room occupancy rate of star hotels in Nanjing reached 65.46%, reflecting an improvement of 2.03% over last year.

However, the city government remains positive in boosting the hotel industry through strengthening the tourism sector. According to the bureau of tourism, revenue from the tourism industry is estimated to grow by 11% on year and tourist number by 8% on year in 2016. During the 13th FYP period (2016-2020), the government of Nanjing will highlight the city’s functions in business, culture and leisure. By 2020, Nanjing aims to host 150 million domestic tourists and realize total tourism revenue of RMB 290 billion, according to the Bureau of Statistics. The tourism industry is expected to account for 7.2% of total GDP by 2020.

Furthermore, the government plans to establish Nanjing into a world-class training base and sports center to support the hosting of relevant international events. On top of this, as a city rich in education resources, Nanjing is expected to remain a popular host city for national and international academic conferences. National and international conferences and events are expected to bolster the hotel industry.

### ■ Nanjing to enrich tourism resources with major resort and theme park projects

Nanjing is committed to further improving its tourist amenities to enhance the overall competitiveness in the tourist industry. Nanjing is set to build Purple Lake Resort, a large multifunctional theme park hosting a wildlife park, an international circus stadium, and hot spring resort villas. The wildlife park has already opened in May 2016, with parts of the facilities yet to be upgraded. The circus stadium is expected to be completed before October 2017. By then, it will become the first circus world in Nanjing. Meanwhile, the construction of Yicheng Marine World will be completed in October 2017. Additionally, Construction of the Huachang Dragon Valley Theme Park, with an area of 500 acres for the first phase of the project and a total investment of RMB8.8 billion, broke ground in July 2015. Moreover, Nanjing will launch renovation works on its historical and cultural spots, including the refurbishing of the Underground Palace in Jinling Dabaoen Temple.

**Table 18 Hotel and Tourists & Tourism Statistics in Nanjing, as of Current**

2013      2014      2015

Number of biz entities in the lodging industry	204	-	-
Number of 3-star & above hotels	87	89	89
Number of international hotels	-	-	-
- Number of 5-star hotels	19	20	20
- Number of 4-star hotels	23	23	23
- Number of chained economic hotels	-	-	-
Number of 5-A tourist attractions	2	2	2
Number of inbound tourists, million	0.52	0.56	0.58
Number of domestic tourists, million	86.7	94.2	101.7

Source: Nanjing Bureau of Statistics, *Municipal Statistical Yearbook of Nanjing*, *Municipal Tourism Statistical Yearbook of Nanjing*, the *Municipal Statistical Bulletin of 3rd Economic Census of Nanjing in 2013*

## ■List of major institutions related to international business and their corresponding functions

**Table 19 List of Institutions Related to International Business in Hangzhou, Current**

Type of Institution	Full Name	Key Functions
Trade Associations 1#	China Council for the Promotion of International Trade Nanjing Sub-Council (CCPIT-Nanjing)	Develops non-governmental trade and business with foreign countries and promotes economic cooperation between China and foreign countries; coordinates economic and trade exhibitions and provides legal consultation services on international trade
Embassies and consulates 1#	Netherlands Business Support Offices	Supports Dutch companies interested in establishing or

		expanding their presence in Jiangsu Province; offers information on critical business issues and remains constantly aligned with the latest Chinese business trends.
Embassies and consulates 2#	France Economie et Commerce Promotion Internationale-Jiangsu Office	Supports French businesses in conducting business visits and trade exhibitions in China.
Gov't affiliates 1#	Nanjing Municipal Foreign Trade & Economic Cooperation Bureau	Implements national, provincial and municipal policies, laws and regulations on foreign trade and economic cooperation, foreign investment as well as foreign trade functional areas.

Source: Desk research including the trade association websites.

## 5. E-COMMERCE LANDSCAPE IN NANJING

### ■ List of major e-commerce platforms for grocery shopping and their product offering

**Table 20 List of Major Food Retailing E-Commerce Platforms in Nanjing**

Name	Product offerings	Imported product offerings	Top selling products
Tmall Supermarket 天猫超市	Fruits and Vegetables, Poultry and Livestock, Seafood, Wine, Grain and Oil, etc.	Fruits, Poultry and Livestock, Seafood, Dairy, Tea, Nuts	Fruits, Poultry, Seafood, Dairy, Tea, Nuts
JD Home 京东到家	Fruits and Vegetables, Poultry and Livestock, Seafood, Wine, Grain and Oil, etc.	Fruits, Poultry and Livestock, Seafood, Wine, Grain and Oil, etc.	Fruits and Vegetables, Poultry, Seafood
Suning 苏宁易购	Fruits and Vegetables, Poultry, Seafood, Grain and Oil, Wine, Biscuits and Snacks, etc.	Fruits, Poultry and Livestock, Seafood, Dairy, Wine, Nuts, etc.	Dairy Biscuits and Snacks, Wine, Nuts

Source: Euromonitor estimates from desk research and company website analysis

### ■ E-commerce ranks the third most common channels for grocery shopping behind hypermarkets and supermarkets

Online grocery is a prominent trend in Nanjing, ranking the third most common channels of grocery shopping behind hypermarkets and supermarkets. According to consumer survey findings, 19.5% of respondents choose to buy fresh foods through e-commerce platforms, 20.0% in supermarkets and 33% choose hypermarkets. In terms of frequency, 41.8% of consumers purchase fresh food online less than once per month, 22.33% of them purchase fresh food online once per month, while 11.7% purchase fresh food online once per week. In addition, when purchasing imported fresh food, 69.6% of this age group prefer to buy through hypermarkets and 52.2% of them choose to buy online. Dairy products, nuts and wine are the major products purchased by local consumers through the internet. Common food categories that local consumers buy through online channels include fruits, seafood, dairy and nuts. According to Tmall data on the November 11 Shopping Event, Jiangsu Province ranks the second place in terms of online consumption of seafood, accounting for 13.0% of total sales. In particular, Nanjing accounted for 3.1% of sales, trailing just behind Shanghai, Beijing and Hangzhou.

For online purchasing of fresh food, Tmall is the most popular website for consumers, followed by JD and Suning. Consumers are generally satisfied with the product quality and logistics service for online shopping. While for those who choose not to purchase fresh food online, product quality control and maintaining product freshness in logistics are their biggest concerns.

### ■ Online grocery shopping to become increasingly popular; cold chain logistics development critical to development

Fresh food e-commerce is expected to become a major consumption trend in the future, while imported fresh food is set to further gain popularity. However, development of online grocery will largely depend on retailers' ability guarantee good product quality and maintain fair pricing. That said, potential constraints restricting industry development include local cold chain logistics, fresh-preservation and product security issues.

### ■ Online consumption of imported wines less frequent

Online consumption of wine is not as frequent as other product categories. However it is slowly gaining popularity with more consumers choosing overseas purchasing agents and specialty stores online. The most popular origin of imported wine is France, followed by Chile and Australia. The average price of imported wines fall in the region of RMB 80 to RMB 100.

**Table 21 List of Major Cold Chain Logistics Service Providers in Nanjing**

Name	Geographical coverage	Transport fleet	Warehouse units and capacity
Swire Cold Chain	Guangzhou, Shanghai,	-	Warehouse with total capacity of 78,000 pallets; total floor

Logistics	Langfang, Ningbo and Nanjing		area of 76,000 sq. m. Temperature range of cold rooms: -25C to 15C.
Tianhuan Guchang Cold Chain Logistics 南京谷昌冷链物流	Eastern China	-	Warehouse with total capacity of 30,000 tons; cold storage warehouse with total floor area of 250,000 sq. m.
Yurun Cold Chain Logistics 雨润冷链物流	Nationwide	-	Comprehensive cold chain logistics platform for agricultural product distribution with total investment of RMB 1 billion; over 10 procurement centers across the country

Source: Euromonitor estimates from desk research and company website analysis.

### ■ Local cold chain logistics find support from government

In 2009, the State Council issued the Planning for Adjustment and Development of Logistics Industry, aiming to vigorously develop the modern logistics of agricultural and sideline products, realize the direct sale and distribution of agricultural products from the point of production to the point of sales, effectively reduce intermediate sections, and enhance circulation efficiency. To this end, Yurun Food Group has expanded its operational reach to the logistics sector.

At present, Yurun Logistics has distribution in regional centers like Xi'an, Shenyang, Chengdu, Wuhan and Changchun, and created the global procurement center integrating the five functional blocks, such as exhibition transaction, processing and warehousing, logistics distribution, comprehensive service, and supporting commercial facilities. It has also established the Agricultural and Sideline Products Logistics Distribution Center in Suiyang, Anshan, Zhongshan, and Chifeng. The total investment in Yurun Cold Chain Logistics is RMB1 billion, with a land coverage of 205 acres.

Other leading local cold chain logistics operators in Nanjing include Tianhuan Guchang Storage, Qingjiang Logistics, Meiwu Logistics, etc. Tianhuan Guchang Storage has a land coverage of 265 acres, composing of trade distribution area, frozen storage area, business services area and processing area. It owns 6 multifunctional cold storages with a total capacity of 300 thousand tons and an area of 250 thousand square meters, which is the largest frozen-goods distribution center in East China.

As an international cold chain logistics company, Swire Cold Chain Logistics entered Nanjing in 2016, reflecting the prospect of the cold chain logistics industry in the city. Swire Cold Chain Logistics currently has warehouses in major cities within East China, such as Shanghai, Nanjing and Ningbo. The warehouses in Nanjing is next to urban highway (37km to downtown, 2km to Longtan Port, 40km to Zhenjiang and Yangzhou). There are 9 cold rooms with 55,000 pallets in Nanjing. The biggest cold room has a capacity of 8,000 pallets, while the smallest one can store 2,000 pallets of goods.

### ■ Jiangsu government identifies Nanjing as key development cities for cold chain logistics centers

According to the 'Cold Chain Logistics Development Plan for Agricultural Products in Jiangsu Province (2014-2020)' published by Jiangsu Provincial Development and Reform Commission, the proportion of cold chain logistics in Jiangsu province is expected to increase significantly, with the circulation rate of fruit and vegetables, meat and aquatic products increasing to 20%, 40% and over 55%. Around 20 cold chain logistics enterprises with over RMB 1 billion income will be set up, contributing to the formation of a number of competitive cold chain logistics regionally that have international influences. In order to improve the construction of fresh agricultural products trading center, logistics distribution center and low-temperature distribution center, Jiangsu province will focus on developing a number of cold chain logistics centers in Nanjing, Suzhou, Wuxi, Changzhou, Xuzhou, Lianyungang and other cities.

### ■ Internet penetration rate in Nanjing ranks ahead of most cities in China

According to the 'China Information Society Development Report 2016', Nanjing's information society development index is 0.7068, ranking thirteenth nationally and third within provincial capital cities. Information society development index represents the development statues of a city in an information society (index<0.6, a city is at the preparation stage; index>0.6, a city is at primary stage). Nanjing's information social development level maintains the top position nationally.

In terms of Internet penetration, the number of Nanjing's regular broadband Internet subscribers and mobile phone users reached 2.7 million and 10.4 million by the end of 2014. The number of mobile Internet users registered 8.8 million, ranking ahead of most cities in

China. In Nanjing, usage rate of online shopping and online payment exceeds 50%. Online travel booking and Groupon usage rate is around 30%. Internet banking usage rate is close to 20%.



## 6. RECOMMENDATIONS

### ■ Nuts category presents highest potential for U.S. suppliers

Popular imported products in Nanjing are dairy, nuts, and fruits. Nuts have the highest market growth potential for U.S. suppliers. According to survey findings (based on valid responses from 130 respondents), 48.7% of consumers who buy nuts prefer products from the U.S., while 15.38% of consumers prefer nuts from Thailand. Nuts from the U.S. are recognized for their product quality and taste.

Imported fruits also enjoy high popularity. However, the most popular fruit types are kiwi, mango, and oranges. According to survey findings, only 17.8% of consumers would choose fruits imported from the U.S., while 20% would choose fruits from Thailand and 23% would choose fruits from New Zealand. Typical U.S. fruits such as apples and cherries are faced with competition from Chilean counterparts, whose prices are noticeably lower.

While imported dairy products are the most popular among Nanjing people, an overwhelming majority of consumers prefer products from Australia and New Zealand, mainly as a result of their well-perceived quality. Nanjing consumers have become increasingly conscious of food safety. Food suppliers looking to tap into the market would need to highlight and maintain high product quality

### ■ Hypermarket and supermarkets are the preferred channels

Hypermarket and supermarkets are the preferred channels, appealing to local consumers with diversified product offering and affordable pricing. Hypermarkets account for approximately 35% of retail sales across modern grocery retail channels, followed by supermarkets with 25% share. Local retailing giant China Resources Suguo has a well-established brand name and large geographical coverage in Nanjing, offering tremendous opportunities for food suppliers. Additionally, online channels are widely accepted by the younger generation.

### ■ Distributors

Hai Tian Xia (海天下) established in 1998, is a Shanghai-based processor and supply chain service provider of aquatic products. The company operates a modern aquatic base in Shanghai and is equipped with over comprehensive cold storage and cold chain logistics covering Eastern China, Southern China, Northeast China and Southwest China. The company has established partnership with leading hypermarkets and supermarkets including RT Mart, Metro, Auchan, Tesco, Yonghui, and Carrefour. Additionally, Hai Tian Xia also partners with restaurant operators and airline catering companies.

Nanjing Zhong Cai Fruit Market (南京众采果品市场) is the largest fruits wholesale center in Nanjing, with total product offering reaching 360 types of fruits and daily transaction value exceeding 3,200 tons. The Market covers a total area of 150 mu and has supporting logistics service. The Market sells both locally grown fruits and imported fruits, serving as a key distribution center of fruits in Eastern China.