

The Expansion of Ping An, Chinese Version



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2007 - Trust Mart Acquisition

- 1st acquisition
- 35% stake of Taiwanese-owned, low-end retail supermarket chain
- 30,000 employees and 100+ stores outlets in 20 provinces (integration took 5 years)
- kick-started expansion plans, promoted its way to boost competitive position *national sales, distributing & purchasing network - key to presence
- won against Carrefour
- more than doubled its presence
- But was acquisition doing good?

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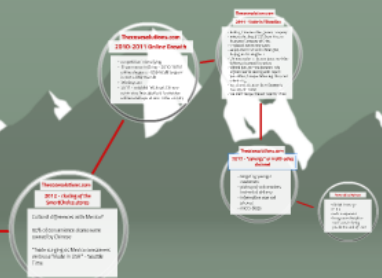
New Store Formats - 2008 Smart Choice

- constrained to find locations with large space *Walmart/Sam's Club in first-tier cities
- transitioned from giant warehouse outlets to 'brick-and-mortar' or convenience stores in urban China
- 3 stores in the Southern province set up to observe "market acceptance and customer preferences" before deciding on future development plans

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- larger version of SmartChoice
- name retained from Taiwanese supermarket
- fraction of a size of traditional Walmart supercentre
- in 2nd and 3rd tier cities
- keep costs down and reach customers not close to supercentres



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**2012 - closing of the
SmartChoice stores**

Cultural differences with Mexico?

80% of convenience stores were
owned by Chinese

"Trade surging as Mexico consumers
embrace 'Made in USA'" - Seattle
Time

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2010-2011 Online Growth

- competition intensifying
- E-commerce in China - 2010 161M online shoppers - US\$48.8B to grow in 2015 US\$159.4B
- 360buy.com
- 2011 - establish Walmart China e-commerce headquarters to oversee online retail operations in the country

2011 - Stake in Yihaodian

- leading Chinese online grocery company
- minority holding of 20% from Ping An Insurance Company of China
- employed 2,000 employees
- supply chain network in Shanghai, Beijing, and Guangzhou
- Chinese customer base enjoyed next-day delivery at competitive prices
- offered foreign manufacturers help register brands dealing with import formalities, transportation logistics, and advertising
- no. of products grew from 50,000 to 180,000 in 1 year
- Walmart had purchased majority share

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**2012 - "synergy" or multi-sales
channel**

- targeting younger customers
- pick-up of online orders instead of delivery
- information over cell phones
- micro-blogs