

Alibaba in bricks-and-mortar tie-up

BY LUKE TUGBY

Chinese e-tail giant Alibaba is investing Yn28.3bn (£2.9bn) in electronics group Suning, one of the country's largest bricks-and-mortar retailers.

The deal, which was revealed by the two businesses in a joint statement, means Alibaba will become Suning's second largest shareholder with a 19.99% stake.

As part of the agreement Suning is also acquiring a 1.1% stake in Alibaba for Yn14.2bn (£1.45bn).

The retailers said the deal will combine their strengths in online and offline commerce.

Suning added that its network of 1,600 stores in China would join forces with Alibaba's distribution operations in a bid to slash delivery times. It said that it could deliver items to customers within two hours following the tie-up.

Suning will also open a flagship store on Alibaba's Tmall.com



Alibaba partner Suning is one of China's largest bricks-and-mortar retailers

platform, which focuses on consumer electronics, home appliances and baby products, as part of the deal.

Suning chairman Zhang Jindong said: "The collaboration between Alibaba and Suning is a milestone

in China's retail industry and its influence on ecommerce and offline retailing will be enormous."

Jindong added that the deal signalled "a new trend in the internet age", strengthening China's traditional industries by leveraging

the power of the internet.

The tie-up comes at a time when Alibaba has been seeking to tap into home electronics, unveiling partnerships with retailers Gome and Haier to offer more appliances online.

Alibaba's Suning deal was unveiled days after its biggest online rival in China, JD.com, revealed it had purchased a 10% stake in grocer Yonghui Superstores.

JD.com struck the \$700m (£450.5m) agreement with similar goals to improve its supply chain and broaden its offline proposition.

Yonghui Superstores operates 364 supermarkets in China and plans to open 179 more this year.

Its profits jumped 16.3% to Yb527m (£54.6m) during the first half of its financial year as revenues hit Yn20.8bn (£2.16bn).

The investment allows JD.com to appoint two directors to the board of Yonghui.