CHINESE conglomerate Wanda Group is exploring online opportunities through a joint venture with Internet companies Tencent and Baidu.

The joint venture has a paid-up capital of five billion RMB (US$813 million). Wanda will own 70% of the joint venture, with Tencent and Baidu owning 15% each.

The joint venture will enable customers to easily access Wanda’s shopping malls, movie theatres and hotels throughout China using Tencent’s online maps and messaging apps and Baidu’s search engine.

It will also pave the way for customers to pay via their mobile devices for their offline goods. Retailers at Wanda’s shopping malls will also benefit from the joint venture as it will launch ways to drive traffic to their stores.

By teaming up with Tencent and Baidu, Wanda will become the biggest online-to-offline e-commerce platform in the world, said Dong Ce, the chief executive of the new venture.

Online-to-offline, or O2O, involves people using their smartphones to find and purchase goods and services, often physically close to them.

“O2O is the biggest pie in e-commerce ... This is just the beginning,” said Wang Jianlin, chairman of Wanda and China’s wealthiest man with a net worth of US$16 billion, according to Forbes. Wanda has 83 shopping malls in China.

Modalyst lends help to independent retailers

PROCLAIMING that we are in an era of ‘fashion hijackers’ where the quick turnaround of fashion trends makes it tough for independent retailers to compete, Modalyst says it has just the right solution for independent retailers to bring fashion to their racks even faster.

Modalyst is an online curated marketplace connecting brands and retailers from around the world. It started out of Manhattan in January last year as an online B2B marketplace connecting brands and retailers to bring fashion to their racks even faster.

Tapping into the changing needs of retailers, the Modalyst platform is based on collective buys which allow owners and those involved in purchase-making decisions to place orders through the vetted platform with other merchants for greater efficiencies. The platform makes it possible for independent retailers to receive bulk order discounts and gives them more flexibility to test different brands and products.

Modalyst says stores all need anchor brands and constantly refreshed inventory to draw in the customer. The challenge for independent retailers is to get access to newly created designs all year round and to be able to place orders and receive inventory quickly.

Independent retailers also have a need to order less stock, see how the brand performs among the customer base, and then re-order based on actual sell-through. But they often have to contend with minimum order requirements.

By aggregating multiple buyers’ orders and delivering them to the designer as a single order, Modalyst enables independent retailers to make more nimble buys and designers to get enough orders to push into production.

Smaller batch ordering also means retailers no longer have to tie up precious resources in excess inventory and they can buy more brands with the same budget.

The Wanda-Tencent-Baidu tie-up will vie with Alibaba for a slice of the growing O2O pie. Alibaba is also quickly ramping up its mobile e-commerce and O2O offerings.

Abercrombie & Fitch’s Q2 Web sales jump

MULTICHANNEL apparel retailer Abercrombie & Fitch Co reported that its online sales grew more than 12% in its fiscal second quarter, while its overall sales fell 5.8%.

For the fiscal second quarter ended August 3, online sales of Abercrombie & Fitch rose 12.4% to US$173.5 million, from US$154.3 million in the same period in 2013. Its total sales, however, declined to US$890.6 million. It was US$949.7 million a year earlier.

Comparable store sales, which include online sales, were down 7% from the same period last year. Online sales were the lone growth area for the apparel retailer and represented 19.5% of total sales during the quarter, compared to 16.3% a year earlier.

At an earnings call with analysts, chief operating officer Jonathan Ramsden said the company is focused on developing its omnichannel efforts which should help it grow its international sales. He said Abercrombie & Fitch is building the technology to roll out omnichannel initiatives in the US and the same technology will be applicable internationally.