

# Selling cheer of outdoors online

By ZHENG YIRAN  
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Mammut Sports Group AG, the Swiss producer of premium mountaineering and outdoor products, is making fresh inroads into the China market through online channels.

In May, it forged a cooperation agreement with online marketplace JD.com covering e-commerce, wholesale deals and travel packages.

From selling via wholesale and retail channels, Mammut has graduated to selling on online marketplaces such as Alibaba's Tmall, JD and Amazon.

That strategy is in line with a report from Amazon China and Mafengwo, an online travel guide, that the segment of outdoor sports has become a new consumption hot spot in Chinese e-commerce.

Intelligence Research Group, a domestic agency, estimates that the emerging outdoor sports segment will post steady growth in China in the coming three to five years.

There are already signs of that. With consumers' enthusiasm for winter sports growing, sales of ski equipment doubled year-on-year in 2016.

Mammut may want to take some credit for the trend. Every year, it takes Chinese outdoor enthusiasts to Switzerland on a seven-day trip. The adventure offers a memorable experience in mountaineering and hiking, bringing people closer to nature.

Mammut is now promoting this program with JD and Sanfo Outdoor Product Co Ltd.

Oliver Pabst, CEO of Mammut, and Richard Liu Qiangdong, chairman and CEO of JD, said the sports market, especially the outdoor market in China, is growing past its childhood stage.

"The outdoor market is growing at a rate that's above the global standard," said Pabst.

The outdoor market in China clocked \$3.42 billion in sales in 2016, up 4.91 percent year-on-year.

Since Mammut aims to be one of the top five outdoor brands in China, it entered the local market in 2013.

Pabst is positive about the move. "Actually, Mammut entered China a bit late. The local market is continuously growing. In addition, the 2022 Winter Olympic Games in Beijing will likely further boost the market as well as people's enthusiasm for skiing."

So, the Swiss firm, which was founded in 1862, is eyeing the ski sports market. "Last year has witnessed exponential growth in the

**The outdoor market is growing at a rate that's above the global standard."**

**Oliver Pabst,**  
CEO of Mammut

winter sports industry in China. There is huge potential in the market," said Pabst.

To exploit that potential, Mammut is offering both contemporary and innovative designs of premium winter sports equipment. Besides, its Mammut Alpine School teaches Chinese people how to ski and how to be safe in the snow.

Pabst said: "We're determined to find our own way to tap into the market. We'll first observe and listen to the market and then adapt our strategies."

"I'm impressed by the recent changes in China. The nation experienced robust economic growth and there is a strong trend of people enjoying nature. Besides, the government is investing in nature and the ecological system."

Having studied such changes, Mammut set up its Asia-Pacific office in Hong Kong in January. After months of efforts, it sharpened its focus on Asia, especially China. It expanded its core team in China and created some important positions in its organization.

Looking ahead, Pabst said e-commerce will be more dominant in China than in other markets of the world because of its huge population. "I think China's e-commerce will soon surpass that of the United States."

But, while heavy traffic jams make urban consumers' visits to shopping centers cumbersome, very high rentals make brick-and-mortar retail outlets in cities expensive to operate for merchants.

So, it is more efficient to sell products online, said Pabst. "I truly believe in digital and e-commerce. I'm very positive about the e-commerce market in China, and eager to develop the market."

Mammut will nevertheless invest in offline stores as well because they can provide consumers with the history and stories about the brand, and enrich consumers' shopping experience, he said.



Wen Xiaoting, chairwoman of the soccer club Guizhou Hengfeng Zhicheng, explains her brand promotion idea during chat with three German Channel 2 television staff in a soccer stadium in Guizhou province. YANG JUN / FOR CHINA DAILY

# Kicking off peak show of Chinese soccer brand

Chairwoman Wen Xiaoting, 27, molds Guizhou HFZC in her own image

By CHEN MEILING in Beijing and YANG JUN in Guiyang

For Wen Xiaoting, 27, a former fashion magazine editor, soccer club Guizhou Hengfeng Zhicheng is a brand-building opportunity.

Until Xiaoting's father, Wen Wei, picked up a 66 percent stake in the club in 2015 for an undisclosed amount, Guizhou HFZC was not a force to reckon with.

Not any more. As chairwoman of the club, Wen Xiaoting adopted a hands-on approach. All-round reforms kicked in with well-defined goals, often leading to spectacular results.

For instance, for the first time in its history, Guizhou HFZC got promoted from second-tier China League One to top-tier Super League this year. "When the club got officially registered in early 2016, we set the goal to enter the Chinese Super League in three years. And we made it the first year," she said.

The team appears to be coasting on the momentum of seven straight wins in the China League One last year.

In May, she hired Spanish football coach Gregorio Manzano, 61, and fired his predecessor Li Bin, a former national football team member, as chief coach.

After Manzano took charge, Guizhou HFZC won three matches in the Super League. After 15 matches, it now ranks

eleventh in this year's table.

But Wen Xiaoting believes it is key to a sports club's long-term success.

"The promotion of a football team is similar to that of a fashion brand in that they both need to be known and accepted by the market. That can be achieved by packaging the entire operation," said Wen Xiaoting.

Packaged and publicized as a symbol of youth, energy and hope, Guizhou HFZC has gone from strength to strength, both on and off the field, leaving a trail of marketing, branding and management success that is new in China's sports industry.

To start with, the Guiyang Olympic Sports Center, the club's home stadium, received a makeover with its capacity expanding to 52,000 seats.

Wen Xiaoting believes cultural constructs around the club are key to sustainable development.

"I've spent years in the UK and learnt the football culture in that country. Many of the English Premier League clubs have more than 100 years of history. Whether or not people keep caring about the football club — well, that lays the foundation for development."

So, she tried several ways to keep people engrossed in the club's progress last year.

For one, cooperation agreements with media were forged



Wen Xiaoting, chairwoman of Guizhou Hengfeng Zhicheng. YANG JUN / FOR CHINA DAILY

to broadcast news, information and other forms of content about the club. For another, automobiles and radio became publicity vehicles. Advertisements at strategic locations like airports and host grounds created brand awareness.

That's not all. Twice a month, fans of Guizhou HFZC were invited to the home stadium. When the games ended, Wen would show up with the club's mascot.

In May 2016, a contest was held for fans to write the team song. The winner was awarded 10,000 yuan (\$1,477).

The same year, the club has designed its team jersey for the fans. Earlier this year, she hired anchors to broadcast the team's games live.

"By constructing football culture, I expect to make more locals watch a weekend game, whether they love football or not," she said. "What I'm doing is attract more fans to the ground. With crowd support, players will feel encouraged to play to their full potential."

She also rationalized spends on players and expenses. "There is no superstar in our

team. The salaries of club members are similar to that of other China League One clubs. The highest annual salary was several million yuan," she said. "We didn't pay tens of millions of yuan to hire players like others did."

For all of Wen Xiaoting's relentless efforts, Guizhou HFZC is yet to ring in profits.

About 200 million yuan were spent on operations last year, which included players' wages, bonus, brand promotion bills and routine expenses.

The club earned only 10 percent of that, mainly from in-stadium advertisements and sales of team-themed merchandise like apparel, footwear, accessories, she said.

"Receipts from ticket sales were low. Most of the tickets were given away free of cost to the fans, particularly primary and middle school students."

In China, owning a football club is more of a hobby and nonprofit activity than business, she said. Many Chinese football clubs exist because of their supporters' enthusiasm.

But Guizhou HFZC wouldn't burn money blindly, she said.

That nous comes from family background. Her father heads China Guizhou Hengfeng Real Estate Development Co Ltd, which focuses on the sale, rent and property management of high-end commercial real estate.

She graduated from the University for the Creative Arts in the United Kingdom before joining Harper's Bazaar China, a fashion magazine, in 2011.

# Ecolab seeks to expand food biz

By CHEN MEILING  
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Shanghai-based Ecolab China is planning to expand its food safety business from southern China to the northern part of the country as consumption gets upgraded nationwide, presenting new opportunities.

"With the upgrading of consumption, Chinese people have begun to care more about food safety, which brings big opportunities for us," said Wang Tie, executive vice-president of Ecolab Inc, the US-based parent of Ecolab China and a water, hygiene, energy technologies and services provider.

**\$200 million**

will be set aside by Ecolab China every year for research to explore application of technologies in food safety

The country's stress on environmental protection and demand for clean energy also brought opportunities for the expansion of Ecolab's China business, he said.

Ecolab China's factories are located in southern and eastern areas of the country. "Food safety is closely linked to the dairy industry. And China's northern region produces most of the dairy products," he said.

So, the company is planning to set up a production base in northern China, but no specific city has yet been shortlisted, he said.

Ecolab's technology platform can monitor every procedure of food and beverage production, control the amount of cleaning water and measure the cleaning effect. Collection of such data can help improve efficiency, reduce the cost of energy and water for different companies, he said.

"Though the growth rate of the Chinese economy has slowed, it's still growing at a moderate pace," he said.

"We focus on providing solutions for problems of food safety and shortage of water resources in China, which have both realized a stable and fast growth by now."

The past two years saw double-digit growth in the food safety business in China, he said. And the company's global sales reached \$13 billion in 2016.

The parent's market value rose to \$36 billion last year, he said.

Ecolab's local unit was set up in 1975. Its cleaning and disinfection methods have been used in most of the five-star restaurants and more than 80 percent of food brands, including McDonald's, KFC and Starbucks in China, Wang said.

The company has identified certain areas to focus on in future, he said. Ecolab China would apply its technical strength to solve difficult problems in waste water treatment, such as the removal of phosphate and heavy metals.

With the World Economic Forum's Summer Davos convention in Dalian in June laying emphasis on the Fourth Industrial Revolution, Ecolab is also eyeing digitalization as a new growth point, Wang said.

The company will set aside \$200 million every year for research to explore application of technologies like industrial digitalization, automatic control and big data in food safety.

# Used car sector motors into a modern era

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The introduction of big data and artificial intelligence has helped resolve the perennial credibility problems of the used car market, providing more opportunities for the sector, analysts said last month.

"There is huge growth potential in China's used car market," said Zhao Xiang, a transportation analyst at Beijing-based Analysys, a market research house.

"With the rapid development of the market and the increase of assessment techniques, consumers' expectations of a used car are continuously rising," said Zhao Xiang, a transportation analyst at Analysys.

While the market is growing rapidly, credit issues have always acted as a brake on the development of the used car market.

In response, players have introduced big data and artificial intelligence to reduce the various transaction risks, the

biggest of which are problems with credit.

Guazi.com, China's biggest used car trading platform, said that in order to address credit issues, it has developed a database using big data and artificial intelligence.

Chief Technology Officer Zhang Xiaopei said the database stores information on more than 3.5 million cars and from 200 million buyers and sellers. In addition, it includes a huge amount of third party data, about the maintenance and repair history of the cars.

"With the database, the information on used cars as well as buyers and sellers is more transparent, which has greatly increased transaction security," Zhang said.

He said that with the help of the database, the car trading platform's transaction volumes had grown by 700 percent last year.

Guazi.com recently announced over \$400 million in Series B financing from global investors, making it one of the biggest fundraisings this year among Chinese internet companies.

The capital will be used for developing new business lines and increasing brand awareness, as well as developing the skills base of the company's staff.

The new round of financing is being led by existing investor Sequoia Capital, a leading venture capital firm. Matrix Partners China, Blue Run Ventures and Hike Capital increased their investment.



A customer (left) checks a second-hand car at an automobile trading company in Suzhou, Jiangsu province. WANG JIANKANG / FOR CHINA DAILY

Other participating investors include H Capital, Dragoner Investment Group, China Merchants Bank and Shougang Group. China's leading boutique investment bank, TH Capital, was the exclusive financial advisor on the deal.

"In order to transform the traditional industry, we also need to depend on online techniques. Guazi.com will continue to improve our business and service by knowing more about customer behavior through our data analysis," said Guazi.com founder and

CEO Mark Yang.

The company has created a database of over 3.5 million cars and over 200 million potential customers. Powered by artificial intelligence, Guazi.com is making it faster and easier for consumers to buy and sell used cars through predictive pricing and enhanced knowledge of customer preferences.

Steven Ji, a partner of Sequoia Capital China, said that Guazi.com is leading the development and evolution of the industry, and has major growth potential.

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