

Asia (ex-China) Retail

BIWEEKLY UPDATES

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the latest in asia

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Asia at a Glance

Statistics: SE Asia consumer confidence hits seven-year high

Consumer confidence in Southeast Asia reached a seven-year high at 114 in 1Q15. According to research agency Nielsen, Southeast Asia, including Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, remains among the most optimistic region in the world, with its consumer confidence index outpacing the global average by some 17 points. The sentiment is supported by positive job outlook and consumers' confidence in their personal finances.

☞Warc, 20 May, 2015

☞http://www.warc.com/LatestNews/News/EmailNews.news?ID=34790&Origin=WARCNewsEmail&CID=N34790&PUB=Warc_News&utm_source=WarcNews&utm_medium=email&utm_campaign=WarcNews20150520

Luxury: Asian luxury goods market stagnant in 2015

The Asian luxury goods market is projected to register a -1% to 1% growth in 2015 as opposed to a 2% to 4% growth in the global market, according to consulting firm Bain & Company. As Chinese tourism flows guided Asian luxury market performance, the ongoing restrictions on spending and consumers veering towards a more price sensitive attitude in China have negatively impacted the Asian luxury market. The weakened consumer confidence and consumption in Japan upon the value-added tax hike in 2014 also dimmed the outlook of the Asian market.

☞ChinaSSPP.com, 25 May 2015

☞<http://www.chinasspp.com/News/Detail/2015-5-25/197436.htm> (in Chinese only)

☞Bain & Company, 25 May 2015

☞<http://www.bain.com/about/press/press-releases/spring-2015-worldwide-luxury-goods-update-press-release.aspx>

Shopping malls: GIC, Canada's CPPIB jointly acquire Seoul mall for US\$263 million

GIC, Singapore's sovereign wealth fund, has formed a joint venture with Canada Pension Plan Investment Board (CPPIB) to acquire D-Cube Retail Mall in Seoul for US\$263 million from Daesung Industrial Corporation. GIC and CPPIB will each own 50% stake of the mall asset. The mall will be rebranded as Hyundai Department Store and will be operated by Hyundai Group, one of the leading retail operators in South Korea

☞Deal Street Asia, 18 May, 2015

☞<http://www.dealstreetasia.com/stories/gic-canadas-cppib-in-jv-to-acquire-seoul-mall-for-263m-6611/>

☞Inside Retail Asia, 19 May, 2015

☞<http://insideretail.asia/2015/05/19/gic-takes-seoul-mall-stake/>

Apparel: American Eagle to enter Singapore, South Korea

American Eagle, a U.S. fashion brand, has announced that it will enter Singapore and South Korea's markets in 2015. The brand has already forged new partnerships with apparel distributors Trendz 360 from Singapore and SK Networks Co. from South Korea.

☞ Inside Retail Asia, 20 May, 2015

☞ <http://insideretail.asia/2015/05/20/american-eagle-to-open-in-two-new-asian-markets/>

Apparel: Mitsui buys stake in Triple

Mitsui & Co, Japan's trading conglomerate, has acquired a minority stake in Singaporean apparel retailer Triple, which operates sports and lifestyle brand Under Armour Asia. Triple runs brand stores, shop-in-shop operations, wholesale distribution and e-commerce in key Southeast Asian markets. It has five Under Armour stores and concessions in Singapore, three in the Philippines and three in Malaysia. Another 10 stores are planned in 2015 and 2016. The Singaporean retailer also plans to tap Vietnam, Indonesia and Brunei with a goal of having 35 stores across Southeast Asia by 2018.

☞ Deal Street Asia, 27 May, 2015

☞ <http://www.dealstreetasia.com/stories/japans-mitsui-co-picks-up-minority-stake-in-singapore-retailer-triple-6985/>

☞ Inside Retail Asia, 28 May, 2015

☞ <http://insideretail.asia/2015/05/28/under-armour-asia-plans-expansion/>

Japan

Statistics: Retail sales grow 5% yoy in April 2015

Japan's retail sales bounced modestly by 5% yoy in April 2015 after three consecutive months of decline, thanks to a revival in consumer confidence and consumption. By category, the retail sales of general merchandise, fabrics apparel & accessories, food & beverages, motor vehicles, machinery & equipment and drug & toiletry stores increased between 5% and 11%. By contrast, the retail sales of fuel dropped 9.1% yoy in April 2015.

☞ Ministry of Economy, Trade and Industry of Japan, 28 May, 2015

☞ <http://www.meti.go.jp/english/statistics/tyo/syoudou/index.html>

☞ Reuters, 27 May, 2015

☞ <http://www.reuters.com/article/2015/05/28/us-japan-economy-retail-idUSKBN00C2ZA20150528>

Statistics: CPI adds 0.6% yoy in April 2015

Japan's consumer price index increased 0.6% yoy in April 2015, attributable to a price hike in food and utility items. By category, prices for food, utility, clothes & footwear, medical care, education and miscellaneous grew between 0.2% and 2.7%, while the price for housing stayed unchanged. By contrast, prices for furniture & household utensils, transportation & communication and culture & recreation fell between 0.1 and 2.4% yoy in April 2015.

☞ Statistics Japan, 29 May, 2015

☞ <http://www.stat.go.jp/english/data/cpi/1581.htm>

Statistics: Consumer confidence slides to 41.5 in April 2015

Japan's consumer confidence fell by 0.2 points mom to 41.5 in April 2015, worsened for the first time in five months, as weaker yen and higher raw material costs weighed on personal spending in the country.

☞ Cabinet Office, Government of Japan, 14 May, 2015

☞ <http://www.esri.cao.go.jp/en/stat/shouhi/shouhi-e.html>

☞ Reuters, 15 May, 2015

☞ <http://uk.reuters.com/article/2015/05/15/uk-japan-economy-confidence-idUKKBN0000C020150515>

☞ NHK World, 15 May, 2015

☞ http://www3.nhk.or.jp/nhkworld/english/news/20150515_34.html

Luxury: Komehyo makes debut in Hong Kong

Komehyo, a pre-owned luxury goods retailer from Japan, has recently opened its first showroom in Hong Kong to reach out to new buyers outside Japan. The Hong Kong showroom offers pre-owned jewellery, watches, branded bags and accessories. As Hong Kong is well-connected with the world and Mainland China, it is a convenient and strategic location for the Japanese retailer to serve its overseas buyers, especially those from Mainland China.

☞ GovHK, 20 May, 2015

☞ <http://www.info.gov.hk/gia/general/201505/20/P201505190626.htm>

E-commerce: Yahoo Japan to tap China market via Alibaba's Tmall

Yahoo Japan, the third largest e-commerce player in Japan, will tie up with China's ecommerce giant Alibaba to make inroads in the China market. Under the partnership, Yahoo Japan will help 100 Japanese small and medium-sized enterprises (SME) sell cosmetics, baby care products and household items on Alibaba's Tmall beginning the summer of 2015 at the earliest. The Japanese SME will pay only a fifth the usual initial costs for selling products on Tmall and will show up on easy-to-find spots on the site. Yahoo Japan hopes to increase such Japanese sellers to 1,000 in the near future.

☞ Nikkei Asian Review, 29 May, 2015

☞ <http://asia.nikkei.com/Business/Deals/Yahoo-Japan-to-expand-into-China-on-Alibaba-network>

South Korea

Statistics: Consumer sentiment stands at 105 in May 2015

South Korea's composite consumer sentiment index reached 105 in May 2015, up one point from 104 in April 2015 and reached its highest level in seven months, attributable to improving domestic demand. Consumer sentiment on current living standard and domestic economic conditions increased one and two points mom to 93 and 79 respectively in May 2015, while the sentiment on prospective changes in household income held unchanged at 101.

☞ The Bank of Korea, 26 May, 2015

☞ http://ecos.bok.or.kr/jsp/use/reportdata_e/ReportDataList.jsp

☞ The Korea Herald, 26 May, 2015

☞ <http://www.koreaherald.com/view.php?ud=20150526000371>

E-commerce: Alibaba opens B2C platform for South Korean vendors

Alibaba, China's e-commerce giant, has recently a shopping platform on Tmall allowing South Korean companies to tap the China market online. The platform is tailored for selling South Korea agricultural and manufactured goods as well as tourism-related services. Vendors have to pay Alibaba an annual fee and a commission on products they sell via the platform, while Alibaba provides marketing and consulting services to them.

☞ Inside Retail Asia, 19 May, 2015

☞ <http://insideretail.asia/2015/05/19/tmall-south-korea-opens-online/>

E-commerce: Coupang becomes exclusive online retailer for The Honest Company

Coupang, one of South Korea's largest online retailers, has forged an exclusive alliance with U.S. leading healthcare brand The Honest Company to expand its global and premium brands offerings. Under the tie-up, Coupang will expand its products offerings to include an extensive range of over 150 unique items from The Honest Company, including personal care, cleaning, laundry, and wellness products.

☞ PR Newswire, 28 May, 2015

☞ <http://www.prnewswire.com/news-releases/korean-e-commerce-leader-coupang-becomes-exclusive-online-retailer-for-the-honest-company-in-south-korea-300089868.html>

Beauty and personal care: Isoi to tap China's cosmetics market

Isoi, South Korea's natural cosmetic brand, said in May 2015 that it will soon make a foray into China's cosmetics market. Concentrating its resources on sourcing natural raw materials and ensuring its product quality, the brand chooses to distribute its products online to reduce its operating cost. The brand has established its presence in Hong Kong, Macau, Singapore, Malaysia, Vietnam, Japan and the U.S.

☞ Ebrun, 19 May, 2015 (in Chinese only)

☞ <http://www.ebrun.com/20150519/134365.shtml>

Beauty and personal care: South Korea becomes China's second largest cosmetics source

South Korea cosmetics products face strong demand in China on the back of the "Korea Wave". According to the Korea International Trade Association (KITA), South Korean took 19.1% of China's 686.2 million worth of cosmetics import in 1Q15, making it the second largest cosmetics importer of China, just behind France's 33.6% share, and followed by third-placed Japan with 15.3% share and fourth-placed U.S. with 11% share.

☞ Inside Retail Asia, 19 May, 2015

☞ <http://insideretail.asia/2015/05/19/s-korean-cosmetic-products-expanding-presence-in-china/>

☞ Huanqiu.com, 18 May, 2015 (in Chinese only)

☞ <http://world.huanqiu.com/exclusive/2015-05/6464106.html>

Taiwan

Statistics: Retail sales slide 0.1% yoy in April 2015

Taiwan's retail sales edged down 0.1% yoy in April 2015, due mainly to a drop in the retail sales of petrol services. By category, retail sales of department stores, supermarkets, convenience stores, food & beverage, tobacco, telecommunication & home appliance, online retailing, as well as medical goods & cosmetics increased between 1.5% and 4.8%. By contrast, retail sales of apparel & household products, auto motors, and petrol services declined 0.2%, 0.5% and 24.3% yoy respectively in April 2015.

☞ Department of Statistics, Ministry of Economic Affairs of Taiwan, 25 May, 2015

https://www.moea.gov.tw/MNS/dos/bulletin/Bulletin.aspx?kind=8&html=1&menu_id=6727&bull_id=1175

Statistics: Consumer confidence drops 1.29 points mom in May 2015

Taiwan's consumer confidence index fell 1.29 points mom to 91.64 in May 2015, mainly due to a drop in the stock investment confidence sub-index. By category, confidence for domestic price level and household finance increased 3 and 2.05 points mom respectively to 55.85 and 87.65, while confidence for the job market remained unchanged at 114.9. By contrast, stock investment confidence plunged 9.6 points mom to 100.1 after the government lowered 2015's GDP growth forecast last week, and money in the local stock market flew to China's buoyant stock market.

☞ The Research Center for Taiwan Economic Development, National Central University, 27 May, 2015

☞ <http://rcted.ncu.edu.tw/upload.phtml>

☞ The China Post, 28 May, 2015

☞ <http://www.chinapost.com.tw/business/asia-taiwan/2015/05/28/437037/Consumer-confidence.htm>

E-commerce: Taobao Taiwan instructed to withdraw from Taiwan within six months

The Taiwanese government's Investment Commission has fined Alibaba NT\$240,000 and instructed it to cease its operation in Taiwan within six months for violating investment rules required for a mainland company. The authority said Taobao Taiwan had reported inaccurate ownership structure and that its mainland shareholders have controlling rights in the company. Taobao Taiwan said it is having positive ongoing discussions with the Taiwanese authorities to solve the issue. Taiwanese consumers reportedly can still make purchase from mainland's Taobao website.

☞ Fjsen.com, 19 May 2015

☞ http://nd.fjsen.com/2015-05/19/content_16105522.htm (in Chinese only)

☞ Inside Retail Asia, 19 May 2015

☞ <http://insideretail.asia/2015/05/19/alibaba-taiwan-sent-home/>

Thailand

Department stores: Robinson Department Store to ramp up international portfolio

Robinson Department Store, a leading department store under Thailand's largest retail conglomerate Central Group, has earmarked 1.45 billion baht to boost the number of international brands in its portfolio over the next three years. The retail giant has already obtained the distribution rights for U.S. family shoe brand Payless ShoeSource, U.S. fashion and accessories brand Claire and French beauty brand Yves Rocher.

📍Bangkok Post, 20 May, 2015

📍<http://www.bangkokpost.com/business/news/566715/robinson-in-drive-to-boost-international-portfolio>

Malaysia

Statistics: GDP rises 5.6% yoy in 1Q15

Malaysia's economy grew by 5.6% yoy in 1Q15, down 0.1 ppt from 4Q14, underpinned mainly by private sector demand. Private sector activity remained the key driver of growth during the quarter. Private consumption expanded at a stronger pace of 8.8%, up from 7.6% in 4Q15, supported by stable labour market conditions and higher wage growth.

📍Bank Negara Malaysia, Central Bank of Malaysia, 15 May 2015

📍http://www.bnm.gov.my/files/publication/qb/2015/Q1_en.pdf

Statistics: CPI rises 1.8% yoy in April 2015

Malaysia's consumer price index increased 1.8% yoy in April 2015. The rise was mainly due to the significant growth in alcoholic beverages & tobacco by 13%; health by 5%; restaurants & hotels by 4.3%; and food & non-alcoholic beverages by 3.1%.

📍Department of Statistics Malaysia, 22 May, 2015

📍https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=106&bul_id=MWdLU0M2QjFWUll3cjI5QlpiYzRrdz09&menu_id=bThzTHQxN1ZqMVY6a2I4RkZoNDFkQT09

Retail in general: Malaysia launches electronic tax refund scheme for tourists

Upon the introduction of a 6% Goods and Services Tax (GST) starting 1 April 2015, Malaysia's government introduced the electronic Tourist Refund Scheme (TRS), allowing eligible foreign tourists to claim GST paid on qualifying goods purchased in Malaysia. The government has appointed Global Blue, a retail tax refund specialist based in Switzerland, as the single approved agent to implement the TRS. Over 1,000 merchants have participated in the TRS so far, while more than 4,000 are still awaiting permit from Malaysia's Customs to join the scheme.

📍Inside Retail Asia, 21 May, 2015

📍<http://insideretail.asia/2015/05/21/fantastic-start-to-malaysia-tax-refund-scheme/>

📍Global Blue, accessed on 21 May, 2015

📍<http://business.globalblue.com/my/en/>

E-commerce: 11street launches shopping app

11street, one of the top three largest online marketplaces in Malaysia, has recently set up an app to support online shopping. 11street offers over 350,000 products online and allows consumers to surf seamlessly using computers or Apple and Android smart devices. The new mobile app accepts credit cards payment and bank transfer upon purchase so as to deliver a trustworthy and convenient online shopping experience to Malaysian consumers.

➤ Inside Retail Asia, 28 May, 2015

➤ <http://insideretail.asia/2015/05/28/11street-malaysia-launched-shopping-app/>

Singapore

Statistics: Retail sales drop 3.2% yoy in March 2015

Singapore's retail sales fell by 3.2% yoy (excluding motor vehicles) in March 2015, as a result of a decline in sales of petrol services, apparel, furniture and household equipment as well as recreational goods. By category, retail sales of watches & jewellery and department stores increased 2.4% and 0.3% respectively. By contrast, retail sales of wearing apparel & footwear, recreational goods, furniture & household equipment, medical goods & toiletries, mini-marts & convenience stores, supermarkets, telecommunications apparatus & computers and optical goods & books declined between 1.6% and 8.2% yoy in March 2015.

➤ Department of Statistics, Singapore, May 2015

➤ http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/services/mrsmar15.pdf

Statistics: CPI slides 0.5% yoy in April 2015

Singapore's consumer price index fell by 0.5% yoy in April 2015, the largest drop since late 2009. The decline was mainly led by a sharper price drop in fuel-related items and a moderation in service inflation. By category, the prices of food, household durable & service, communication and education increased between 1.7% and 3.2%. By contrast, the prices of clothing & footwear, housing & utilities, health care, transport, recreation & culture and miscellaneous goods & services contracted between 0.3% and 3.7% yoy in April 2015.

➤ Department of Statistics, Singapore, 25 May, 2015

➤ http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpiapr2015.pdf

➤ Reuters, 25 May, 2015

➤ <http://www.reuters.com/article/2015/05/25/singapore-economy-inflation-idUSL3N0YG22J20150525>

Retail in general: Singapore extends visa validity for Chinese travellers from June 2015

The Immigration and Checkpoints Authority of Singapore announced in May 2015 that starting June 2015, the validity of Multiple Journey Visas issued to eligible Chinese nationals will be extended to a maximum of 10 years and the extension will also apply to travellers' spouse and children under 21 years old. This will make it more convenient for Chinese tourists to visit Singapore. Meanwhile, the Singapore Tourism Board is also working with the Singapore embassy in China to

expand the network of Authorised Visa Agents so that Chinese tourists will have more channels to apply for Singapore visas.

☞The Straits Times, 15 May, 2015

☞<http://www.straitstimes.com/news/singapore/more-singapore-stories/story/longer-visa-validity-chinese-travellers-june-1-20150515>

Fung Business Intelligence Centre

The Fung Group is a privately held multinational group of companies headquartered in Hong Kong whose core businesses are trading, logistics, distribution and retailing. The Fung Group employs over 45,000 people across 40 economies worldwide, generating total revenue of more than US\$22.6 billion in 2013. Fung Holdings (1937) Limited, a privately held business entity headquartered in Hong Kong, is the major shareholder of the Fung group of companies.

The Fung Business Intelligence Centre collects and analyses market data on sourcing, supply chains, distribution and retail. It also provides thought leadership on technology and other key issues shaping their future.

Headquartered in Hong Kong, FBIC leverages unique relationships and information networks to track and report on trends and developments in China and other Asian countries. In addition, its New York-based Global Retail & Technology research team follows broader retail and technology trends, specialising in how they intersect and building collaborative knowledge communities around the revolution occurring worldwide at the retail interface.

Since its establishment in 2000, the FBIC (formerly known as the Li & Fung Research Centre) has served as the knowledge bank and think tank for the Fung Group. Through regular research reports and other publications, it makes its market data, impartial analysis and expertise available to businesses, scholars and governments around the world. It also provides advice and consultancy services to colleagues and business partners of the Fung Group on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

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