

Asia (ex-China) Retail

BIWEEKLY UPDATES

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the latest in asia

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Asia at a Glance

Retail in general: Asian retailers to focus more on in-store experience

Asian retailers will veer their strategic focus from expanding their store networks to rationalization, improving in-store profitability and upgrading to better locations, according to CBRE's report - 2016 Asia Pacific Real Estate Market Outlook. The report notes that food and beverage retailers will take the lead in commercial property demand across the Asia Pacific region, while affordable and niche luxury brands will also be active. The boom of online shopping will continue to prompt shopping malls to embrace "retail-tainment" and refine their product mix to offer more experience-oriented retailer to retain foot traffic.

☞CBRE, 12 February, 2016

☞<http://www.cbre.com/research-and-reports?PUBID=482b094e-986f-4483-b36e-c215a0905586>

☞Inside Retail Asia, 15 February, 2016

☞<https://insideretail.asia/2016/02/15/asian-retail-outlook-more-cautious/>

Duty-free shops: Lotte to open downtown duty free store in Osaka

South Korea's major duty free operator Lotte is set to open a downtown duty-free store in Osaka, Japan in spring 2017. The new store has a sales target of 130 billion won (US\$109 million) in the first year. It will be located on the sixth and seventh floors of the Big Camera Namba and will cover a retail space of 4,400 sqm. The store will house global luxury brands, cosmetics, fashion and accessories items.

☞TRBusiness.com, 5 February, 2016

☞<http://www.trbusiness.com/regional-news/asia-pacific/lotte-aims-for-109m-with-new-osaka-dwt-store/100994>

E-commerce: Rakuten to shutter e-commerce websites in Singapore, Indonesia and Malaysia

Japan's largest online retailer Rakuten will shut down its e-commerce websites in Singapore, Indonesia and Malaysia from 1 March, 2016. The Japanese company is also reportedly looking for a buyer for its Thailand business Tarad.com acquired by the company in 2010. The closure of the e-commerce websites comes after a disappointing trading result which has forced the company to refocus on its domestic operations and trim unprofitable businesses abroad.

☞Inside Retail Asia, 15 February, 2016

☞<https://insideretail.asia/2016/02/15/rakuten-singapore-axes-ecommerce-site/>

Japan

Statistics: GDP shrinks 1.4% yoy in 4Q15

Japan's economy further contracted 1.4% yoy in 4Q15, compared with a shrink of 0.4% in 3Q15. The contraction was mainly led by a decline in private consumption (down 3.3% yoy) as households pinched their wallet strings. Imports and exports

of goods and services also dropped 5.6% yoy and 3.4% yoy respectively. However, government consumption expanded 2.1% yoy in 4Q15.

➡Economic and Social Research Institute, Cabinet Office, Government of Japan, 15 February, 2016

➡<http://www.esri.cao.go.jp/en/sna/data/sokuhou/files/2015/qe154/gdemenua.html>

➡Bloomberg, 15 February, 2016

➡<http://www.bloomberg.com/news/articles/2016-02-14/japan-s-economy-contracted-again-in-final-quarter-of-2015>

Statistics: Consumer confidence index down 0.2 point mom to 42.5 in January 2016

Japan's consumer confidence index slid 0.2 point mom to 42.5 in January 2016 as a result of a drop in three major sub-indices, including income growth (down 0.6 point mom), employment (down 0.5 point mom) and overall livelihood (down 0.2 point mom). However, consumer confidence in willingness to buy durable goods added 0.4 point mom in January 2016.

➡Economic and Social Research Institute, Cabinet Office, Government of Japan, 3 February, 2016

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

E-commerce: Baidu Map and Alipay expand services in Japan for the coming Spring Festival

China's major e-commerce companies Baidu and Alibaba are expanding their services in Japan, aiming to capitalize on the Chinese tourists in Japan during the Spring Festival. Baidu Map has expanded its service to Japan, South Korea, Thailand and Singapore. Baidu Japan map's search function will cover 130,000 locations. Within a year, Baidu Map will also offer navigation function and restaurant reservation service, and give out coupons for retail stores. Moreover, Alibaba will double Alipay's presence in Japan to around 200 locations by the Spring Festival, with 7-Eleven convenience stores and Kintetsu Department Store among those adopting the service.

➡Ebrun, 2 February 2016

➡<http://www.ebrun.com/20160202/164799.shtml> (in Chinese only)

Apparel: Uniqlo partners with 7-Eleven on in-store pickup services

Japan's largest fast fashion brand Uniqlo has paired up with convenience store operator 7-Eleven to launch in-store pickup in Japan. Starting from 16 February, 2016, Uniqlo consumers in Japan will be able to collect their merchandises ordered online at 5,700 7-Eleven stores in Tokyo, Kanagawa, Saitama and Chiba prefectures. More pickup locations in Japan will be added gradually. The two companies also mull expanding the in-store pickup service overseas considering the massive store network of 7-Eleven, which currently operates about 38,000 retail stores worldwide, including those in Japan, Singapore, Thailand, Malaysia, Indonesia and the Philippines.

➡Fashionmag.com, 4 February, 2016

➡http://th.fashionmag.com/news/Uniqlo-Japan-launches-in-store-pickup-service-with-7-Eleven.625015.html#utm_source=newsletter&utm_medium=email

➡Ladymax.cn, 6 February, 2016

➡<http://news.ladymax.cn/201602/06-29879.html> (in Chinese only)

Beauty and personal care: Shiseido to build new factory in Osaka

Shiseido, Japan's largest cosmetics company, will set up a new factory in Osaka as part of its plan to achieve 6.8 million euros in revenue by 2020. The new factory will be built on a zone of over 73,000 sqm and is scheduled to operate in 2020, with the investment capital estimated at 228 million euros (40 billion yen). To meet the increased demand of cosmetics from the Japanese market, Shiseido aims to multiply its production capacity by 1.5 times to produce 100 million products each year and strives to strengthen its position in the skincare market.

↻Fashionmag.com, 6 February, 2016

↻http://kr.fashionmag.com/news/Shiseido-to-open-new-factory-in-Osaka,625179.html#utm_source=newsletter&utm_medium=email

South Korea

Statistics: CPI adds 0.8% yoy to 110.26 in January 2016

South Korea's consumer price index rose 0.8% yoy to 110.26 in January 2016, attributable to a growth in prices of restaurants & hotels (up 2.8% yoy), furnishings, household equipment & routine maintenance (up 2.6% yoy), education (up 1.8% yoy) and food & non-alcoholic beverages (up 1.6% yoy). However, prices of transport fell 2.2% yoy in January 2016.

↻Statistics Korea, 2 February, 2016

↻<http://kostat.go.kr/portal/eng/pressReleases/9/1/index.board>

Shopping malls: Shinsegae Group plans massive expansion in South Korea

South Korea's largest retail company Shinsegae Group will allocate 4.1 trillion won (US\$3.4 billion) in 2016 to hire 14,400 new staff and expand its retail business amid the sluggish domestic economy. The company will open 10 shopping malls across the country in 2016 and employ 5000 staff. Shinsegae will also open three new department stores in Hanam, Gimhae and Daegu, and expand its current department stores in southern Seoul and downtown Busan.

↻Inside Retail Asia, 1 February, 2016

↻<https://insideretail.asia/2016/02/01/shinsegae-group-in-massive-expansion-plan/>

Department stores: South Korean department stores to offer instant tax rebates from February 2016

Department stores in South Korea have started offering instant tax refund services to foreign customers since February 2016 as a move to make shopping easier for foreigners and boost their spending. With the new service, foreigners are exempted from the 10% mandatory value-added tax (VAT) if the products they purchase cost 30,000 - 200,000 won (US\$25-166). If the products cost over 200,000 won, buyers are required to pay the VAT first and get a refund afterwards.

↻Yonhap News, 31 January, 2016

↻<http://english.yonhapnews.co.kr/business/2016/01/31/0503000000AEN20160131001400320.html>

Beauty and personal care: Amore Pacific joins hand with Alibaba to fight counterfeits

South Korea's largest cosmetics company Amore Pacific Group and China's e-commerce giant Alibaba have signed a memorandum of understanding (MOU) to fight counterfeits and protect intellectual property rights. This is also the first MOU signed between Alibaba and a brand. Amore Pacific will actively conduct checks and quality inspection on Alibaba platforms. If counterfeits are found, Alibaba will remove their links and take measures to prevent the recurrence of such practices. The two companies will also regularly share their information on counterfeits.

↻Ebrun, 28 January 2016

↻<http://www.ebrun.com/20160128/164365.shtml>(in Chinese only)

Taiwan

Statistics: CPI adds 0.81% yoy in January 2016

Taiwan's consumer price index grew 0.81% yoy in January 2016. By category, prices of fruits, vegetables, and food away from home increased by 10.7% yoy, 6.6% yoy and 1.78% yoy respectively. Prices of water, electricity and gas supply also rose 6.9% yoy attributable to the electricity rate refund plan in 2015. By contrast, prices of fuels and lubricants plunged 15.5% yoy. The core CPI, which excludes food and energy prices, moved up 0.65% yoy in January 2016.

↻National Statistics, Republic of China (Taiwan), 5 February, 2016

↻<http://eng.stat.gov.tw/ct.asp?xItem=39187&ctNode=2410&mp=5>

Retail in general: Taiwan accepts online visa application

Taiwan has started accepting online visa application by foreign visitors from January 2015, according to the Bureau of Consular Affairs of the Ministry of Foreign Affairs of Taiwan. With the new e-visa system, overseas visitors can simply register online for an e-visa that allows for up to 30 days of stay, making visa application more convenient for foreigners. Taiwan is now the 24th country in the world allowing foreigners to apply for visa online, following the U.S., Canada, Cambodia, Myanmar and Bangladesh.

↻Taiwantrade.com, 3 February, 2016

↻<http://www.taiwantrade.com.tw/news/online-visa-applications-now-available-for-visitors-to-taiwan-1044937.html>

Thailand

Statistics: CPI falls for 13th straight month in January 2016

Thailand's consumer price index dropped 0.5% yoy to 105.46 in January 2016, down for a 13th consecutive month due mainly to the lower energy prices (down 10.5% yoy) which gives the central bank leeway to keep interest rates low to help the stagnant economy. By category, prices of transportation & communication, raw food & energy and non-food & beverages declined 3.9% yoy, 3.5% yoy and 1.3%

yoy respectively. By contrast, prices of tobacco & alcoholic beverages, recreation & education and medical & personal care grew 1.8% yoy, 1.2% yoy and 1% yoy respectively in January 2016

📍Bangkok Post, 1 February, 2016

📍<http://www.bangkokpost.com/business/news/847368/january-consumer-prices-fall-for-13th-straight-month>

📍Thailand's Ministry of Commerce, February 2016

📍http://www.indexpr.moc.go.th/price_present/cpi/data/index_47_e.asp?list_month=01&list_year=2559&list_region=country

Shopping malls: Siam Retail Development to build new malls in Pattaya and Nakhon Ratchasima

Thai major shopping mall developer Siam Retail Development plans to spend 6 billion baht to set up a new lifestyle mall in Pattaya in 2016, replacing the project in Nakhon Si Thammarat planned earlier. The new complex will take two year to complete. Meanwhile, the company also plans to open a new Terminal 21 mall in Nakhon Ratchasima province in 2016. The mall, with a retail space of 200,000 sqm, will house about 200 local and international brands.

📍Bangkok Post, 4 February, 2016

📍<http://www.bangkokpost.com/business/news/851184/terminal-21-complexes-on-track-in-pattaya-korat>

Hypermarkets: TCC takes major stake in Casino's Big C for US\$3.46 billion

French-based grocer Casino has agreed to sell 58.6% stake in its Thai hypermarket arm Big C Supercenter to Thai trading conglomerate TCC Group for US\$3.46 billion. The disposal, slated to complete by 31 March 2016, marks a key step in the French retailer's plans to reduce its debt pile. Big C is currently the second-largest hypermarket operator in Thailand, just behind Tesco PLC's Thai unit. As of September 2015, Big C and its subsidiaries ran 697 stores across Thailand.

📍The Wall Street Journal, 7 February, 2016

📍<http://www.wsj.com/articles/thailands-tcc-group-to-buy-groupe-casinos-stake-in-big-c-1454806081>

Retail logistics: DHL eCommerce strengthens delivery infrastructure in Thailand

DHL eCommerce, a subsidiary of the world's leading postal and logistics company Deutsche Post DHL Group, will expand its delivery infrastructure in Thailand, aiming to provide efficient logistics and better e-commerce experience for both consumers and merchants. The company will set up a 3,000 sqm central distribution centre in Bangkok and a network of over 20 depots across Thailand. To meet the growing business demands, DHL also plans to more than double the number of its depots in Thailand by 2017 and enlarge its fleet chiefly in two-wheel vehicles for more efficient operation in heavy traffic.

📍Bangkok Post, 3 February, 2016

📍<http://www.bangkokpost.com/tech/local-news/850164/delivering-e-commerce-benefits-to-thailand>

Malaysia

Statistics: Retail sales rise 7.5% yoy and 3.5% qoq in 4Q15

Malaysia's retail sales grew 7.5% yoy and 3.5% qoq to 96,006 million ringgit in 4Q15. The growth was driven by an increase in retail sales of automotive fuel in specialized stores (up 13% yoy), food, beverages & tobacco in specialized stores (up 9.4% yoy) and other goods in specialized stores (up 9.1% yoy)]

👉 Department of Statistics Malaysia, Official Portal, 11 February, 2016

👉 https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=109&bul_id=K2ZQMHyxYiIrOUFvSFE3aWZqVHoxQT09&menu_id=b0pIV1E3RW40VWRTUkZocEhyZ1pLUT09

Luxury: Dior Homme makes debut in Kuala Lumpur

Dior Homme, the menswear line of French luxury brand Christian Dior, has opened its first store in at Suria KLCC shopping centre in Kuala Lumpur, Malaysia. The new store showcases ready-to-wear collections, leather goods, footwear, eyewear and jewellery of the brand.

👉 Inside Retail Asia, 5 February, 2016

👉 <https://insideretail.asia/2016/02/05/dior-homme-kuala-lumpur-debut/>

Singapore

Department stores: Robinsons Singapore makes foray into Middle East

Robinsons Singapore, a major department store operator in Singapore, has partnered with Al Futtaim Group, a Dubai-based trading conglomerate which took a majority stake in Robinsons & Co., in 2008, to make inroads into the Middle East market. The first store will be opened in Dubai Festival City Mall in 2017, with three stories covering 18,000 sqm. Al Futtaim Group currently operates over 200 companies worldwide.

👉 Inside Retail Asia, 1 February, 2016

👉 <https://insideretail.asia/2016/02/01/robinsons-singapore-heads-to-middle-east/>

Fung Business Intelligence Centre

The Fung Business Intelligence Centre

The Fung Business Intelligence Centre (FBIC) 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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