

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: ASEAN region to see US\$770 billion in new consumer spending by 2020

In the ASEAN region, robust consumption bolstered by rising income levels and urbanization will generate US\$770 billion in new consumer spending in the region over the next few years; consumer spending is expected to double to US\$2.3 trillion by 2020. According to the global management consultancy Accenture, 60 million people in the ASEAN region will join the consuming class and 37 million people will move into wealthier consumer segments by 2020, when the region will become the world's sixth largest economy of combined GDP of around US\$3 trillion.

➤ Accenture, 29 April, 2015

➤ <http://www.accenture.com/us-en/Pages/insight-highlights-cgs-cpg-companies-capturing-loyalty.aspx>

➤ CNBC, 29 April, 2015

➤ <http://www.cnbc.com/id/102629370>

E-commerce: Itochu, CP Group tie up with Chinese companies to form e-commerce venture

Itochu, Japan's third largest trading firm, and CP Group, Thailand's retail conglomerate have forged an agreement with Chinese companies CITIC, China Mobile and Shanghai information Investment Inc to form a joint venture (JV) operating a cross-border e-commerce website in Shanghai Pilot Free Trade Zone. The JV, named Face to Face, will sell imported popular household products such as diapers and milk formula in China. The five companies will invest US\$500 million in the JV and enjoy the preferential policies offered by the Free Trade Zone.

➤ Retail in Asia, 5 May, 2015

➤ Shanghai Daily.com, 30 April, 2015

➤ <http://www.shanghaidaily.com/business/finance/Itochu-CP-Group-team-up-with-Chinese-companies-to-set-up-ecommerce-venture-in-Shanghai-FTZ/shdaily.shtml>

Beauty and personal care: Belif makes debut in Malaysia

Belif, South Korea's herbal cosmetics brand, has recently opened its debut store in Kuala Lumpur, Malaysia. The brand plans to add three to five stores in the country at its early stage. The brand features additive-free herbal cosmetics, with formulas free of mineral oil, synthetic fragrances, synthetic dyes, synthetic preservatives and animal origin ingredients.

➤ Inside Retail Asia, 6 May, 2015

➤ <http://insideretail.asia/2015/05/06/belif-malaysia-makes-debut/>

Japan

Statistics: CPI increases by 2.3% yoy in March 2015

Japan's consumer price index grew by 2.3% yoy to 103.3 in March 2015, attributable to price hikes in food, leisure, apparel and energy.

➤ Statistics Japan, 1 May, 2015

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

➤ Japan Macro Advisors, 1 May, 2015

<http://www.japanmacroadvisors.com/page/category/economic-indicators/inflation-and-prices/cpi/>

Apparel: Uniqlo teams up with French fashion brand

Uniqlo, Japan's leading fast fashion brand, has entered into a partnership with French fashion brand Lemaire to introduce an exclusive product line "Uniqlo and Lemaire". The exclusive collection features products that embody the lifewear concept – simple made better – underlying both brands. The men's and women's collections will be available in Uniqlo stores worldwide, including Uniqlo's online store, starting 4Q15.

➤ Inside Retail Asia, 13 May, 2015

➤ <http://insideretail.asia/2015/05/13/uniqlo-partners-with-french-fashion-house/>

Beauty and personal care: Cosme.com launches English version website

Cosme.com Inc., the operator of Japan's largest online portal for cosmetics products @cosme, launched a new English version shopping website (<https://www.cosme.com/en/>) in May 2015. Similar to the Japanese website, the English-language cosme.com stocks with about 250,000 items from 28,000 domestic and foreign brands. Online orders will be delivered to overseas shoppers via third-party's forwarding services.

➤ PR Newswire, 13 May, 2015

➤ <http://www.prnewswire.com/news-releases/japans-largest-cosmetics-portal-launches-english-language-shopping-site-300082452.html>

Convenience stores: Lawson, NTT Docomo tie up their loyalty programs

Lawson, Japan's second largest convenience store operator, and Japan's leading mobile carrier NTT Docomo will link their loyalty programs starting 2Q15. Under the partnership, shoppers at Lawson's stores using NTT Docomo's mobile wallet or credit card settlement services will receive a 3% discount starting June 2015 and the gift points provided under NTT Docomo's loyalty program will also be usable in Lawson's stores from December 2015. The tie-up is expected to further expand Lawson's consumer bases by driving more NTT Docomo's service users to its outlet.

➤ The Japan Times, 14 May, 2015

➤ <http://www.japantimes.co.jp/news/2015/05/14/business/corporate-business/ntt-docomo-lawson-to-link-their-point-programs/#.VVVp8l6qqkp>

South Korea

Statistics: GDP grows by 2.4% yoy in 1Q15

South Korea's economy expanded by 2.4% yoy in 1Q15, thanks to the drop in global fuel prices and improving local housing and stock markets, which underpinned spending power of South Korean households.

↻The Bank of Korea, 23 April, 2015

↻http://ecos.bok.or.kr/jsp/use/reportdata_e/ReportDataDetail.jsp

↻Reuters, 23 April, 2015

↻<http://www.reuters.com/article/2015/04/23/southkorea-economy-gdp-idUSL4N0XJ35T20150423>

Statistics: Retail sales slides by 0.6% mom in March 2015

South Korea's retail sales fell by 0.6% mom in March 2015 as March's interest rate cut failed to boost consumer spending as expected. High levels of household debt, global uncertainty and a mixed labor market also pinched consumers' wallets.

↻Statistics Korea, 30 April, 2015

↻<http://kostat.go.kr/portal/english/news/1/11/1/index.board?bmode=read&bSeq=&aSeq=335502&pageNo=1&rowNum=10&navCount=10&currPg=&sTarget=title&sTxt=>

↻Moody's Analytics, 29 April, 2015

↻https://www.economy.com/dismal/indicators/releases/kor_rs/7F28F10D-4C18-492A-A6E2-5813323DE4E3/South-Korea-Retail-Sales

Statistics: Sales of department store chains rebound in April 2015

Sales of the top three chain department store operators in South Korea, namely Hyundai Department Store, Lotte Shopping and Shinsegae, increased by 1.5% yoy in April 2015, a rally from a 5.7% drop in March 2015. The modest growth was attributable to positive signs of economic recovery, improved consumer and investment sentiment. However, offshore uncertainties still remained.

↻Reuters, 13 May, 2015

↻<http://www.reuters.com/article/2015/05/12/southkorea-economy-retail-idUSL3N0Y27E820150512>

Statistics: CPI adds 0.4% yoy in April 2015

South Korea's consumer price index edged up by 0.4% yoy in April 2015 as low fuel prices continue to weigh on transportation and utility prices, which have kept inflation low for the first few months of 2015.

↻Statistics Korea, 1 May, 2015

↻<http://kostat.go.kr/portal/english/news/1/1/index.board?bmode=read&aSeq=335638>

↻Moody's Analytics, 30 April, 2015

↻https://www.economy.com/dismal/indicators/releases/kor_cpi/DAFCC02E-0721-4F11-9629-298D5B52CCA4/South-Korea-Consumer-Price-Index

Department stores: Lotte, Hyundai, Shinsegae sales up over 60% during Labor Day holiday, bolstered by Chinese tourists

Lotte, Hyundai and Shinsegae, the three largest chain department stores in South Korea, registered sales growth of over 57.8%, 58.1% and 58.4%, respectively during Labor Day holiday. The surge in sales was mainly driven by Chinese tourists. Industry experts in South Korea expect that local department stores will offer more intensive discounts appealing to Chinese consumers during the coming October Golden Week. According to Korea Tourism Organization, the number of Chinese tourists in South Korea jumped by 20.6% yoy to 100,000 between 30 April and 4 May 2015.

☞Deutsche Bank, 5 May, 2015

Taiwan

Statistics: Consumer confidence posts new high in April 2015

Taiwan's consumer confidence index hit its highest level at 92.93 in April 2015, up 1.8 points from March 2015. The positive result was attributable to improved economic conditions and the buoyant stock market.

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

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

☞Taiwan Today, 28 April, 2015

☞<http://taiwantoday.tw/ct.asp?xitem=229798&CtNode=415>

Statistics: CPI falls 0.8% yoy in April 2015

Taiwan's consumer price index decreased by 0.8% yoy in April 2015, dropping for four straight months, due mainly to lower prices for electricity, fruit, gas and consumer electronics on global fuel price cut.

☞National Statistics, Republic of China (Taiwan), 5 May, 2015

☞<http://eng.stat.gov.tw/ct.asp?xItem=37566&ctNode=2410&mp=5>

☞Taiwan Today, 6 May, 2015

☞<http://taiwantoday.tw/ct.asp?xitem=230066&CtNode=415>

Beauty and personal care: Watson aims 600 stores in Taiwan by 2017

Watson, Hong Kong-based personal care stores, has opened its 500th store in Taipei, Taiwan. The company plans to add 100 new stores in Taiwan within the next two years. Watson will refurbish a further 100 stores in Taiwan in 2015 following a revamp of 100 stores in 2014.

☞Inside Retail Asia, 11 May, 2015

☞<http://insideretail.asia/2015/05/11/watsons-taiwan-eyes-600-stores/>

Thailand

Department stores: Central Group in talks to buy German department store

Central Group, Thailand's retail conglomerate, is in discussions to acquire a popular department store in Germany in a bid to ramp up its retail presence abroad. The deal is due to be settled in coming months. The retail giant will reportedly spend 10 billion baht in 2015 to expand its retail network in Europe via M&A. Apart from Germany, the group is also expanding its businesses in Italy, Denmark, Paris and London.

👉 Bangkok Post, 6 May, 2015

👉 <http://www.bangkokpost.com/business/news/552555/central-group-in-german-retail-bid>

Accessories: Jubilee of Siam opens mega diamond boutique

Jubilee of Siam, Thailand's leading retailer of diamond jewellery, has recently opened a giant diamond boutique in Bangkok. The jeweler retailer claims that the 1500-sqm new store is the largest diamond boutique in Asia. It currently operates over 100 retail stores and concessions across Thailand.

👉 Inside Retail Asia, 13 May, 2015

👉 <http://insideretail.asia/2015/05/13/jubilee-of-siam-opens-giant-diamond-boutique/>

Personal and beauty care: Watsons to add 50 new stores in Thailand by 2015

Watsons, Hong Kong-based personal care store, will spend about US\$12 million to open 50 new stores in Thailand by the end of 2015. The expansion will lift its retail store count to 381, surpassing its rival Boots with only 230 stores. Apart from the new store openings, the retailer also plans to refurbish some of its existing stores and increase its promotional events to attract new customers.

👉 Inside Retail Asia, 14 May 2015

👉 <http://insideretail.asia/2015/05/14/watsons-thailand-to-open-50-new-stores/>

Malaysia

Shopping malls: KL Airport outlet mall to open in May 2015

Mitsui Outlet Park KLIA Sepang, a new airport outlet mall next to Kuala Lumpur International Airport, will commence operation in May 2015. The new airport outlet mall is operated by a joint venture (JV) company set up by Malaysia Airports Holdings, a Malaysian company which manages most of the airports in Malaysia, and Mitsui Fudosan, a Japanese real estate and retail property developer. About 130 stores will be opened in the outlet mall by late July.

👉 Inside Retail Asia, 30 April, 2015

👉 <http://insideretail.asia/2015/04/30/kl-airport-outlet-mall-to-open-may-30/>

Singapore

Statistics: GDP rises by 2.1% yoy in 1Q15

Singapore's economy grew by 2.1% yoy in 1Q15, the same rate of growth attained in 4Q14. The growth was supported largely by construction and services producing industries such as wholesale and retail trade as well as business services.

↻Ministry of Trade and Industry of Singapore, 14 April, 2015

↻http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/advgdp1q2015.pdf

Statistics: CPI drops by 0.3% yoy in March 2015

Singapore's consumer price index fell by 0.3% yoy in March 2015 as a result of lower prices for accommodation, utilities, communication and apparel.

↻Department of Statistics Singapore, 23 April, 2015

↻http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpimar2015.pdf

Supermarkets: Sheng Siong Group to open supermarket in China

Sheng Siong Group, Singapore's leading supermarket operator, has recently announced that it will set up a joint venture (JV) company with China's food seasoning company Kunming Lu Chen Group to operate supermarkets in China. Sheng Siong Group and Lu Chen Group will invest US\$6 million and US\$3 million in cash for a 60% stake and 30% stake in the JV respectively, and Sheng Siong Group's executive director will inject US\$1 million for the remaining 10% stake.

↻The Business Times, 15 May, 2015

↻<http://www.businesstimes.com.sg/companies-markets/sheng-siong-gets-nod-to-operate-supermarkets-in-china>

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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