

Asia (ex-China) Retail

BIWEEKLY UPDATES

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Asia at a Glance

Apparel: Mango opens its largest Asian store in Singapore

Mango, a major fast fashion retailer based in Barcelona, Spain, has opened its largest Asian store in Singapore. The flagship store, with an operation area of 1,200 sqm inside Wisma Atria shopping center, houses the brand's menswear, womenswear and children's wear lines. The opening of the mega store shows Mango's commitment to the Asian market, and its intention to boost the brand's image in the region and bolster its fashion lines. The Spanish retailer currently operates over 2,700 stores across 108 countries worldwide.

👉 FashionMag.com, 10 September, 2015

👉 <http://au.fashionmag.com/news/Mango-opens-its-biggest-store-in-Asia-in-Singapore.568531.html#.VfD3nZAVjxN>

Apparel: Zara opens online stores in Taiwan, Hong Kong

Zara, a fast fashion giant from Spain, has recently opened its online stores in Taiwan and Hong Kong. Both websites, www.zara.com/tw and www.zara.com/hk offer online shoppers the same full collection of womenswear, menswear and kid's lines at the same price as at Zara's physical stores, with new merchandises being supplied twice a week. Online shoppers can also have their products delivered home or collected by themselves at the Zara store of their choice. Currently, Zara's customers can shop online in 27 markets, including the U.S., Japan, China, South Korea, Taiwan and Hong Kong.

👉 Enterprise Innovation, 11 September, 2015

👉 <http://enterpriseinnovation.net/article/zara-launches-its-online-store-hong-kong-and-taiwan-251361728>

Home products: Muji eyes expansion in Greater China

Muji, a Japanese household product retailer, plans to add 38 new stores in Taiwan in 2015 and increase the new store openings in China from the current 30-35 stores per year to 50 stores per year starting 2017. The Japanese retailer will also increase its number of in-store counters in 7-Eleven Taiwan from the current 286 to over 300 by the end of 2015, strengthening its partnership with leading convenience store operators in territory.

👉 FashionMag.com, 10 September, 2015

👉 http://tw.fashionmag.com/news/muji-wu-yin-liang-pin-tai-wan-shang-ban-nian-ye-ji-nian-zeng-20,568954.html#utm_source=newsletter&utm_medium=email (in Chinese only)

Japan

Statistics: Consumer confidence index rises 1.4 points mom to 41.7 in August 2015

Japan's consumer confidence index increased by 1.4 points mom to 41.7 in August 2015, mainly attributable to the growth in sentiment on all the four sub-indices, namely income growth (up 0.3 point mom), willingness to buy durable goods (up 1.5 points mom), employment (up 1.6 points mom) and overall livelihood (up 2 points mom).

↳ Economic and Social Research Institute, Cabinet Office, Government of Japan, 9 September, 2015
↳ <http://www.esri.cao.go.jp/en/stat/shouhi/shouhi-e.html#cci>

Shopping malls: Aeon targets 40 stores in China by 2020

Aeon, Japan's leading shopping mall operator, plans to accelerate its expansion in China to reach its goal of opening 40 shopping malls in China by 2020. The Japanese retailer has recently opened a new shopping mall in Suzhou city of Jiangsu province and has planned to add four more new malls in Beijing, Hangzhou, Guangzhou and Wuhan in 2Q15. As of December 2014, Aeon had six shopping malls in China, including the Beijing, Tianjin, Jiangsu and Hubei branches.

↳ Linkshop, 15 September, 2015
↳ <http://www.linkshop.com.cn/web/archives/2015/333619.shtml>

Department stores: Daimaru Matsuzakaya Department Stores to launch WeChat payment

Daimaru Matsuzakaya Department Stores Co. will roll out WeChat payment in eight of its local department stores starting 30 September 2015, including the Shinsaibashi, Umeda, Kyoto, Nagoya and Ueno branches. The move aims to make shopping in Japan more convenient and enjoyable for Chinese tourists. After the Japanese government widened the range of tax-free products to cover cosmetics, food, medicine, and alcoholic beverages from October 2014 onwards, Daimaru Matsuzakaya Department Stores Co recorded a 450% yoy growth in sales of tax-free goods between March and August 2015.

↳ Linkshop, 8 September, 2015
↳ <http://www.linkshop.com.cn/web/archives/2015/333188.shtml> (in Chinese only)
↳ The Government of Japan, accessed on 8 September, 2015
↳ http://www.japan.go.jp/tomodachi/Travel_in_Japan/tax-free.html

Convenience stores: Lawson, Three F in talks for capital, business alliance

Lawson, the second largest convenience store operator in Japan, are in discussions with Yokohama-based convenience store operator Three F on a capital and business alliance. If the alliance is formed, the two companies will maintain independent management and protect their individual corporate brands and culture. They will conduct joint product development, procurement and promotional campaign as well as share information for higher management efficiency.

↳ Inside Retail Asia, 7 September, 2015
↳ <https://insideretail.asia/2015/09/07/lawson-three-f-in-partnership-talks/>

Convenience stores: FamilyMart agrees to buy Cocostore for US\$107.3 million

FamilyMart, Japan's third-largest convenience store operator, has agreed to acquire Cocostore, a Nagoya-based mid-tier convenience store retailer operating about 650 stores mainly in Chubu and Kyushu, for approximately 13 billion yen (US\$107.3 million). Upon the acquisition, FamilyMart will own about 12,000 stores

in Japan, on par with the country's second largest convenience store player Lawson.

FamilyMart is reportedly in other merger talks with UNY Group Holdings Co., the No. 4 operator, with the aim of creating Japan's second-largest convenience store operator by sales and better compete with leading Seven-Eleven Japan Co.

☞The Japan Times, 8 September, 2015

☞<http://www.japantimes.co.jp/news/2015/09/08/business/corporate-business/familymart-buys-midsize-convenience-store-chain-cocostore/#.Vf14eZAVjxN>

E-commerce: Kakaku.com launches Priceprice.com in India

Priceprice.com, the largest price comparison website in Southeast Asia under Japan's leading price comparison website Kakaku.com, has recently launched its Indian version targeting the rapidly-growing e-commerce market in India. By comparing price information collected from various online shopping websites, Priceprice.com shows online shoppers the best available price on various products, including mobile phones, tablets, computers and household appliances. Apart from India, Priceprice.com has already established its presence in the Philippines, Thailand and Indonesia, possessing approximately 5.3 million unique users in all the three countries.

☞Inside Retail Asia, 3 September, 2015

☞<https://insideretail.asia/2015/09/03/japans-kakaku-com-launches-priceprice-com-in-india/>

E-commerce: Rakuten pairs up with Lawson on pickup service

Rakuten, Japan's largest e-commerce firm, has partnered with Japan's second largest convenience store operator Lawson on a pickup service at 11,299 Lawson stores in Japan. Customers who purchase selected products from designated stores on the Rakuten Ichiba can choose to collect their products from their Lawson store of choice. The pickup service has been available starting 1 September 2015.

☞Retail in Asia, 1 September, 2015

Apparel: Miki House taps China market via Tmall Global

Miki House, a Japanese children's wear brand, has recently partnered with Alibaba's international online marketplace Tmall Global to make inroads into the children's wear market in China. According to Tmall Global, Miki House possesses strong reputation in Japan, with 80% of Japanese children have worn the brand's clothing. Miki House engages in the development, production and sale of children's clothing, family-related goods and cultural activities including printing, education and child-rearing support.

☞Ebrun, 1 September, 2015

☞<http://www.ebrun.com/20150901/147205.shtml> (in Chinese only)

☞Miki House, accessed on 2 September, 2015

☞<https://www.mikihouse.co.jp/en/company/profile/index.html>

Apparel: Uniqlo to make debut in Belgium

Uniqlo, Japan's largest fast fashion brand, is set to open its first store in Antwerp, Belgium on 2 October, 2015. The debut store, with a total sales floor area of about

1,320 sqm over two levels and a mezzanine floor, will stock the brand's menswear, womenswear and children's wear lines as well as a collaboration line jointly developed with French apparel brand Lemaire. Uniqlo has so far opened 26 stores in four European countries, including the U.K., France, Russia and Germany.

☞ Inside Retail Asia, 9 September, 2015

☞ <https://insideretail.asia/2015/09/09/uniqlo-belgium-to-launch-in-antwerp/>

Apparel: Fast Retailing invests in in-store technology

Fast Retailing, the parent of Japan's largest fast fashion brand Uniqlo, has set up a joint venture company named Wearex Co. to focus on the development of in-store technology. The new company, headquartered in Fast Retailing's Tokyo head office, will be jointly operated by the fast fashion giant and Japan-based technology services company Accenture Japan. With the launch of Wearex, Fast Retailing plans to build its mobile and cloud technology capacity, to advance the digitization of its business and merge the in-store and virtual store experience for customers of its group brands.

☞ Inside Retail Asia, 1 September, 2015

☞ <https://insideretail.asia/2015/09/01/fast-retailing-invests-in-digital-innovation/>

Accessories: Seiko makes debut in Russia

Seiko, a Japanese watchmaker and retailer, has recently opened its first boutique in Russia. The debut store, with an operating area of around 80 sqm, is located at the St. Nickolas Complex on Nikolskaya Street, a high-end shopping district in Moscow. The boutique houses Seiko's luxury brands, including Grand Seiko, Credor and Galante, as well as many exclusive and limited edition models such as the Credor masterpiece "Eichi II". The company has also launched a Russian version website (<http://seikoboutique.ru/>) on which customers can find information about new models and special events at the boutique.

☞ Inside Retail Asia, 8 September, 2015

☞ <https://insideretail.asia/2015/09/08/seiko-moscow-boutique-opens/>

Beauty and personal care: Japan's cosmeceutical giant Matsumoto Kiyoshi set to enter Tmall Global

Matsumoto Kiyoshi, Japan's largest cosmeceutical chain store, plans to open an online store on Alibaba's international shopping platform Tmall Global, selling Japanese cosmetics and daily products. At first, about 100 product categories will be available, and the figure will double to reach 200 by the end of September 2015. This marks the first time Matsumoto Kiyoshi Holdings has conducted online business overseas. Its Tmall store will sell the most popular products among Chinese consumers based on their spending record in Japan's Matsumoto Kiyoshi stores, including masks, healthcare products, baby products, etc.

☞ Ebrun, 9 September 2015

☞ <http://www.ebrun.com/20150909/148176.shtml> (in Chinese only)

South Korea

Statistics: CPI adds 0.2 points mom to 110.22 in August 2015

South Korea's consumer price index inched up 0.2 points mom to 110.22 in August 2015. By category, prices of clothing and footwear, education, restaurants & hotels, housing, water, electricity, gas & other fuels, recreation & culture, miscellaneous goods & services, food & non-alcoholic beverages and furnishings, household equipment & routine maintenance gained between 0.1 point mom and 0.7 points mom, while alcoholic beverages & tobacco and communication remained unchanged. By contrast, prices of health and transport slid 0.1 point mom and 0.6 points mom respectively in August 2015.

↻ Statistics Korea, 1 September 2015

↻ <http://kostat.go.kr/portal/english/news/1/18/2/index.board>

Supermarkets: Tesco sells Homeplus for US\$6 billion

Tesco, the largest grocery retailer in the U.K., agreed to sell its South Korean retail business Homeplus for approximately US\$6 billion to a consortium led by South Korea's private equity firm MBK Partners. Singapore's state investment company Temasek and two Canadian pension funds are also part of the consortium. Tesco will use the cash proceeds from the disposal of Homeplus to reduce its debt. The deal is slated to be completed during 4Q15. Upon the acquisition, the MBK-led consortium will invest 1 trillion won in Homeplus for the next two years.

↻ CNBC, 7 September, 2015

↻ <http://www.cnbc.com/2015/09/07/the-associated-press-tesco-agrees-to-sell-south-korea-business-in-6-billion-deal.html>

E-commerce: Lotte.com inks pact with JD.com

Lotte.com, South Korea's largest online shopping mall, has entered into a five-year strategic partnership with JD.com. All subsidiaries of Lotte Co. Ltd., including Lotte Department Store, Lotte Mart, Hi-Mart, Lotte Duty Free, Lotte Confectionery, Lotte Hotel and Lotte World, will offer their products and services on the Lotte Mall of JD Worldwide to Chinese consumers. The two e-commerce giants have also agreed to explore additional potential area of cooperation. Currently, Lotte.com is the only partner company to forge a strategic alliance with JD.com among all the South Korean distribution companies.

↻ Inside Retail Asia, 8 September, 2015

↻ <https://insideretail.asia/2015/09/08/lotte-com-joins-jd-hk/>

↻ Toutiao.com, 8 September 2015

↻ <http://toutiao.com/a6192014793997680898/> (in Chinese only)

Taiwan

Statistics: CPI up 0.63% mom in August 2015

Taiwan's consumer price index grew 0.63% mom in August 2015, due mainly to a growth in prices of food (up 3.4% mom). By category, prices of healthcare service and miscellaneous goods gained 0.03% mom and 0.08% mom. By contrast, prices

of housing, education & entertainment, transportation & communication and clothing fell between 0.05% mom and 2.72% mom in August 2015.

➤ National Statistics, Republic of China (Taiwan), 9 August, 2015

➤ <http://eng.stat.gov.tw/ct.asp?xItem=38129&ctNode=2410&mp=5>

Thailand

Statistics: CPI slides 1.2% yoy in August 2015

Thailand's consumer price index fell 1.2% yoy in August 2015, declining for eight consecutive months as a result of prolonged weak consumption. By category, prices of housing & furnishing, apparel & footwear, medical and personal care, food & non-alcoholic beverages, recreation & education and tobacco & alcoholic beverages added between 0.3% yoy and 2% yoy. By contrast, prices of raw food & energy and transportation & communication dropped 6.4% yoy and 7.6% yoy respectively in August 2015.

➤ Ministry of Commerce (Thailand), September 2015

➤ http://www.indexpr.moc.go.th/price_present/cpi/data/index_47_e.asp?list_month=08&list_year=2558&list_region=country

➤ Bangkok Post, 2 September, 2015

➤ <http://www.bangkokpost.com/business/news/677236/consumers-reluctant-to-spend>

Shopping malls: Central Pattana spends 30 billion baht on new malls

Central Pattana, a property development arm of Thai trading conglomerate Central Group, has earmarked 30 billion baht for the development of four to five new shopping malls in Thailand by 2018 as part of its efforts to boost its annual revenue growth to 15% over the next five years. The new malls will be located in Bangkok and other larger regional cities. The company also sets its eyes on further expansion in major economic cities, as well as locations with potential business in both Thailand and neighbouring countries for its sustainable growth. It also expects to open two to three large shopping complexes abroad over the next two to three years. Central Pattana currently operates 26 shopping malls in Bangkok and other major provinces of Thailand.

➤ Bangkok Post, 2 September, 2015

➤ <http://www.bangkokpost.com/business/news/677232/cpn-allots-b30bn-for-expansion>

➤ Inside Retail Asia, 3 September, 2015

➤ <https://insideretail.asia/2015/09/03/central-pattana-plans-four-new-malls/>

Cosmetics: Beauty Community enters Indonesia in ties with local ally

Beauty Community, a Thai skincare retailer, has forged an alliance with an unnamed local partner to make foray into the Indonesia market. The company believes that the substantial population of 240 million in Indonesia will provide strong growth potential for its business. Currently, the Thai cosmetics retailer operates 296 stores in its home country under three brands: Beauty Buffet, Beauty Market and Beauty Cottage. It has already opened 29 stores in Myanmar, Vietnam, Cambodia and Laos and plans to add 12 new stores by the end of 2015. Beauty

Community projects its sales to increase by at least 20% in 2015 from 1.39 billion baht (US\$38.4 million) in 2014.

➤ Inside Retail Asia, 8 September, 2015

➤ <https://insideretail.asia/2015/09/08/beauty-community-to-open-stores-in-indonesia/>

Malaysia

Convenience stores: 7-Eleven Malaysia targets 200 new stores in 2015

7-Eleven Malaysia, a convenience store subsidiary of 7-Eleven Malaysia Holdings Berhad, plans to add 200 new stores and renovate 200 stores in Malaysia in 2015. As of 2Q15, the convenience store operator already opened 52 new stores and had 102 existing stores undergone refurbishment in the nation. 7-Eleven Malaysia is currently the largest convenience store operator in Malaysia, operating over 1,879 stores nationwide and serving over 900,000 customers daily.

➤ The Edge Markets, 8 September, 2015

➤ <http://www.theedgemarkets.com/my/article/7-eleven-track-hit-200-net-new-store-openings-fy15>

➤ 7-Eleven Malaysia, accessed on 9 September, 2015

Singapore

Statistics: Retail sales slide 2.2% mom in July 2015

Singapore's retail sales fell 2.2% mom in July 2015, due mainly to a drop in sales of motor vehicles (down 23.1% mom). By category, retail sales of petrol services stations, supermarkets, furniture & household equipment and wearing apparel & footwear declined between 0.7% mom and 5% mom. By contrast, retail sales of department stores, mini-marts & convenience stores, food & beverages, optical goods & books, telecommunication apparatus & computers, recreational goods, medical goods & toiletries and watches & jewellery gained between 0.7% mom and 13.4% mom in July 2015.

➤ Department of Statistics Singapore, 15 September, 2015

➤ http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/services/mrsjul15.pdf

Convenience stores: 7-Eleven Singapore to launch fresh meals to drive growth

7-Eleven Singapore, a convenience store affiliate of Hong Kong-based trading company Dairy Farm International in Singapore, plans to introduce a range of ready-to-eat meals across its 500 stores as part of its efforts to drive growth and restore profitability. About 100 stores will roll out the new fresh meal range by the end of September 2015, with the remainder by the end of November 2015. Following the shutdown of about 60 stores over the past two years, 7-Eleven Singapore hopes that the rollout of fresh meals will lead a turnaround in its business.

➤ Inside Retail Asia, 7 September, 2015

➤ <https://insideretail.asia/2015/09/07/shrinking-7-eleven-singapore-turns-to-meals/>

E-commerce: Honestbee, NTUC FairPrice pair up online

Honestbee, a Singapore-based online grocery startup, has teamed up with Singapore's largest chain supermarket operator NTUC FairPrice to provide online grocery shopping services. The partnership enables customers to order NTUC FairPrice's products on Honestbee online portal and receive their delivery within the next hour. Honestbee is the first online retailer offering concierge grocery services in Singapore. It also plans to accelerate its expansion into more Asian markets, including Hong Kong and Taiwan.

➤ Inside Retail Asia, 14 September, 2015

➤ <https://insideretail.asia/2015/09/14/honestbee-ntuc-fairprice-partner-online/>

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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