

Asia (ex-China) Retail

BIWEEKLY UPDATES

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Asia at a Glance

Retail in general: SE Asian middle class to double by 2020

According to media service provider Media Business Asia, the population of Southeast Asian middle class is projected to double between 2012 and 2020. About 210 million people will join the middle class consumer pool in Southeast Asia by 2020, taking the middle class population to 400 million. The middle class will also become the majority across the region as it will make up 55% of the total population, a remarkable growth from just 28% in 2012.

☞Warc, 24 June, 2015

☞http://www.warc.com/LatestNews/News/EmailNews.news?ID=34971&Origin=WARCNewsEmail&CID=N34971&PUB=Warc News&utm_source=WarcNews&utm_medium=email&utm_campaign=WarcNews20150624

Retail in general: Asian consumers more open to new products

Asian consumers have a strong appetite for new products than anywhere else in the world, according to market researcher Nielsen. 69% of consumers in Asia Pacific claimed to have purchased a new product during most recent grocery shopping trip as opposed to 57% globally. The figure even got a lift to 73% when confined to Southeast Asia, well ahead of North America (31%), Europe (44%), Latin America (56%) and Africa and Middle (57%).

☞Warc, 25 June, 2015

☞http://www.warc.com/LatestNews/News/EmailNews.news?ID=34976&Origin=WARCNewsEmail&CID=N34976&PUB=Warc News&utm_source=WarcNews&utm_medium=email&utm_campaign=WarcNews20150625

Japan

Statistics: Retail sales rise 3% yoy in May 2015

Japan's retail sales grew 3% yoy in May 2015, thanks to a remarkable growth in sales of machinery & equipment (9.1% yoy), general merchandise (5% yoy), food & beverages (4.9% yoy), fabrics apparel & accessories (4.6% yoy), drug & toiletry stores (4.2% yoy) and motor vehicles (4.1% yoy). By contrast, sales of fuel tumbled 12.3% yoy in May 2015.

☞Ministry of Economy, Trade and Industry, 29 June, 2015

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

Statistics: CPI adds 0.5% yoy in May 2015

Japan's consumer price index inched up 0.5% yoy in May 2015, driven by a notable growth in food prices (3.1% yoy). By category, prices of clothes & footwear, education, culture & recreation, medical care, miscellaneous, and furniture & household utensils rose between 1.8% yoy and 0.3% yoy. By contrast, housing, fuel, light & water charges and transportation & communication slid between 0.1% yoy and 2.4% yoy in May 2015.

☞Statistics Japan, 26 June, 2015

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

Convenience stores: FamilyMart to strengthen support for UnionPay payments in Japan

FamilyMart, Japan's third largest chain convenience store operator, plans to increase its number of stores supporting UnionPay payments in Japan to 1,250 by the end of September 2015, from the current 250 stores. To facilitate payment services for Chinese tourists, the retailer will introduce UnionPay-supported payment systems at its stores in tourist attractions and hotels in Japan. It also plans to roll out ATM cash withdrawal services at its stores from March 2016, enabling tourists to withdraw cash with their credit cards or debit cards overseas.

⇒ Longsok, 16 June, 2015 (in Chinese only)

⇒ <http://www.longsook.com/internation/2015/0616/11730.html>

Apparel: Fast Retailing pairs up with Accenture to improve personalized multi-channel experience

Fast Retailing, the parent company of Japan's leading fast fashion brand Uniqlo, has formed a joint initiative with U.S.-based management consultancy Accenture to improve the personalized multi-channel experience for Fast Retailing's customers. Under the partnership, Accenture will help the Japanese retailer develop new digital business models embedded with customer innovation, data analytics and digitized operations in product development, merchandising, production, logistics, marketing, sales and customer service.

⇒ Retail in Asia, 16 June, 2015

⇒ Accenture, 15 June, 2015

⇒ <https://newsroom.accenture.com/news/accenture-and-fast-retailing-join-forces-to-develop-digitally-enabled-consumer-services.htm>

Accessories: Samantha Thavasa enters Tmall

Samantha Thavasa, a Japanese handbag brand, opened its first China's online store on Tmall in June 2015. It is also the brand's first online store outside Japan. The move aims to ramp up Samantha Thavasa's presence in China and provide Chinese consumers an easy-access shopping channel for the brand's products. Samantha Thavasa currently operates about 340 stores in Japan and 40 stores overseas, of which six stores are in Shanghai, Beijing and Shenyang.

⇒ Ebrun, 18 June, 2015 (in Chinese only)

⇒ <http://www.ebrun.com/20150618/137709.shtml>

Home products: Muji to tap India market by mid-2016

Muji, a Japanese minimalist retailer, will open its debut stores in India by mid-2016 in partnership with Indian trading conglomerate Reliance Industries. The debut Muji stores will be opened in Delhi and Mumbai covering 6,000 sq ft to 10,000 sq ft. Well-known for its minimalist designs, Muji stores offer a variety of products, such as homewares, furniture, stationary, apparel, cosmetics and food.

⇒ Inside Retail Asia, 17 June, 2015

⇒ <http://insideretail.asia/2015/06/17/muji-heads-to-india/>

South Korea

Statistics: M-commerce sales surge 79.2% yoy in 1Q15

South Korea's mobile shopping transaction jumped 79.2% yoy to 5,056 billion won in 1Q15, accounting for 40.9% of the total online shopping transaction. The soar in m-commerce sales was attributable to the sales growth in household goods, motor vehicle parts & accessories (up 137.7% yoy), office appliances & stationery (up 128.3% yoy), food & beverages (up 126.9% yoy), cosmetics (up 110.5% yoy), software (up 106.3% yoy) and pet products (up 105% yoy). By category, travel took the largest share of m-commerce sales at 16.0%, followed by clothing at 12.6% and household goods, motor vehicle parts & accessories at 11.3%.

↻Statistics Korea, 29 April, 2015

↻<http://kostat.go.kr/portal/english/news/1/12/1/index.board?bmode=read&bSeq=&aSeq=336139&pageNo=1&rowNum=10&navCount=10&currPg=&sTarget=title&sTxt=>

Statistics: Consumer sentiment drops 6 points mom in June 2015

South Korea's consumer sentiment index fell 6 points mom to 99 points in June 2015, due mainly to a plunge in sentiment on current domestic economic conditions. By category, confidence in current living standards and prospective changes in household income each decreased 3 points mom in June 2015.

↻The Bank of Korea, 25 June, 2015

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

Retail in general: South Korea unveils US\$13 billion fiscal stimulus

South Korea's finance ministry announced a stimulus package of US\$13 billion or 15 trillion won on 25 June 2015 to combat the weak growth led by the outbreak of the Middle East Respiratory Syndrome (MERS). The government has also lowered its economic growth forecast in 2015 to 3.1% and trimmed its inflation estimate to 0.7%. Since the outbreak of MERS in May 2015, over 120,000 tourists have canceled trips to South Korea. Sales at department stores plunged nearly 30% in the first two weeks of the outbreak, far ahead of the 8.7% contraction in the two-weeks after the Sewol ferry disaster in 2014.

↻Bloomberg, 25 June, 2015

↻<http://www.bloomberg.com/news/articles/2015-06-25/mers-prompts-fiscal-stimulus-in-south-korea-as-confidence-falls>

↻CNBC, 25 June, 2015

↻<http://www.cnn.com/id/102786654>

Shopping malls: Lotte Group in talks to buy shopping malls in Indonesia

Lotte Group, a multinational trading conglomerate based in South Korea, is currently in discussions to purchase several shopping malls in Indonesia. One of the acquisition targets is a seven-story high-end shopping mall in a 48,000 sqm site in southern Jakarta. The acquisition aims to expand the group's operation in the

Southeast Asia market. Lotte Group now operates 39 Lotte Mart grocery hypermarkets, 33 Lotteria burger restaurants, one department store and one duty free store in Indonesia.

☞ Inside Retail Asia, 18 June, 2015

☞ <http://insideretail.asia/2015/06/18/lotte-indonesia-tipped-to-buy-malls/>

Department stores: Shinsegae to open mega shopping centre in Seoul by June 2015

Shinsegae, South Korea's leading department store operator, is set to open a mega shopping centre named E-Mart Town in the Gyeonggi province of Seoul on 18 June 2015. The mega shopping centre, with the size of about 10 football fields, will stock furniture, home appliances, homewares, groceries and food items, plus an E-Mart supermarket and a wholesale warehouse. Swedish homeware retailer Ikea is reportedly to open its second Korea store in the shopping centre in 2017.

☞ Inside Retail Asia, 17 June, 2015

☞ <http://insideretail.asia/2015/06/17/shinsegae-opens-giant-mall/>

E-commerce: Semir joins hands with ISE to tap online market

Semir Group, China's leading apparel company, has recently set up a joint venture company with South Korea's e-commerce company ISE. The new company will mainly engage in e-commerce, investment management, import and export, garment and beauty care businesses. ISE currently operates two online marketplaces Wizwid and WConcept - Wizwid, which offers U.S. and European fashion brands, has gained over 50% of market share in South Korea's buying agent service market, while WConcept, which focuses mainly on the local fashion market, is the sixth-largest online apparel retailer in South Korea.

☞ Chinasspp.com, 23 June, 2015 (in Chinese only)

☞ <http://www.chinasspp.com/News/Detail/2015-6-23/199564.htm>

Beauty and personal care: Tonymoly to enter China in July 2015

Tonymoly, South Korea's major cosmetics brand, will make its debut in China on 10 July 2015. The brand will expand its investment in China by building factories in the country to produce a wide range of cosmetics products and setting up shops across China. Tonymoly currently operates some 1800 shops in 20 countries, including South Korea, Hong Kong, the U.S. and Russia.

☞ Inside Retail Asia, 29 June, 2015

☞ <https://insideretail.asia/2015/06/29/tonymoly-china-launch-marks-giants-next-global-leap/>

Taiwan

Statistics: Retail sales add 0.7% yoy in May 2015

Taiwan retail sales increased 0.7% yoy in May 2015, driven by the growth in retail sales of department stores, supermarket and convenience store. By category, retail sales of food & beverage, tobacco, drugs and cosmetics, apparel & accessories and department stores, supermarket and convenience store grew between 1.7% yoy and 5.8% yoy. By contrast, retail sales of petrol services and auto motors dropped between 0.8% yoy and 21.8% yoy in May 2015.

↻ Department of Statistics, Ministry of Economic Affairs of Taiwan, 24 June, 2015 (in Chinese only)

↻ https://www.moea.gov.tw/MNS/dos/bulletin/Bulletin.aspx?kind=8&html=1&menu_id=6727&bullet_id=1192

Statistics: Consumer confidence slides 1.06 points mom in June 2015

Taiwan's consumer confidence decreased 1.06 points mom to 90.58 points in June 2015, due mainly to a drop in sentiment on stock investment (down 9.9 points mom) and economic outlook (down 2.05 points mom). By contrast, confidence in domestic price level, household finance, property investment and job market increased between 2.6 points mom and 0.85 point mom in June 2015.

↻ The Research Center for Taiwan Economic Development, National Central University, 29 June, 2015 (in Chinese only)

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

Beauty and personal care: GigaMedia to buy majority stake in Strawberry Cosmetics

GigaMedia, a Taiwan-based online games and computing services provider, is set to acquire a 70% stake in Hong Kong-based ecommerce cosmetics retailer Strawberry Cosmetics for about US\$93.1 million. Strawberry Cosmetics has a comprehensive sales and distribution network covering over 200 countries worldwide and offers a variety of cosmetics products with over 700 brands and 30,000 SKUs. Its online marketplace StrawberryNet.com currently supports 38 languages and has a global customer base of over 3 million.

↻ Inside Retail Asia, 29 June, 2015

↻ <https://insideretail.asia/2015/06/29/gigamedia-snaps-up-strawberrynet-com/>

↻ Strawberry Net.com, accessed on 29 June, 2015

↻ <http://hken.strawberrynet.com/customer-service/about-us/>

Luxury: Endless Jewelry makes Asian debut in Taiwan

Endless Jewelry, Denmark's jewelry retailer, has currently opened its first Asian store in Taiwan. The opening marks the jeweller's entry into the fourth continent and 23rd international market. Endless Jewelry also plans to add 15 new stores in prime locations of major cities in Taiwan. Its products are currently available in over 3,500 stores worldwide.

↻ Inside Retail Asia, 30 June, 2015

↻ <https://insideretail.asia/2015/06/30/denmarks-endless-jewelry-make-asian-debut/>

Thailand

Convenience stores: Lawson plans 1,000 stores in Thailand

Lawson Thailand, a joint venture between Lawson, Japan's second largest convenience store operator, and Saha Pathanapibul Pcl, a subsidiary of Thailand's largest consumer goods conglomerate Saha Group, plans to lift its store number in Thailand to 1,000 within three years from the current 40 under the brand name Lawson 108.

☞ Inside Retail Asia, 30 June, 2015

☞ <https://insideretail.asia/2015/06/30/lawson-thailand-targets-1000-stores/>

E-commerce: Ardent Capital to tap Indonesia's female online market

Ardent Capital, a Thailand-based venture capitalist, said on 23 June 2015 that it will expand its e-commerce unit WhatsNew Group to Indonesia under the brand MOXY as a strategic move to enter Indonesia's female online market. MOXY will be the first online "everything store" targeting female shoppers in Southeast Asia. It will offer tips and products for women pertinent to beauty, fashion, maternity care, living, gadgets and "Muslim style" under the tag line "Have It All".

Indonesia is set to become the single largest market in Southeast Asia by the end of 2015, and its business to consumer (B2C) e-commerce market and female consumer market are valued at USD2.6 billion and USD2.4 trillion respectively.

☞ The Jakarta Globe, 23 June, 2015

☞ <http://thejakartaglobe.beritasatu.com/business/thailand-e-commerce-group-expands-indonesia-serve-female-shoppers/>

Apparel: Under Armour to tap Thailand market in July 2015

Under Armour, a U.S.-based sportswear brand, will open a store in Siam Center in Bangkok in July 2015. The debut store will be managed by a joint venture company called UA Sports (Thailand), which is equally held by Triple Pte, a Singaporean lifestyle retailer which owns the Southeast Asian distribution rights for Under Armour products, and Sports Revolution Co, a Thai sporting goods retailer. The company also plans to add two more stores in Thailand later in 2015.

☞ Bangkok Post, 27 June, 2015

☞ <http://www.bangkokpost.com/business/news/605408/thailand-fourth-regional-market-for-under-armour>

Malaysia

Statistics: Retail sales rise 11.3% yoy in 1Q15

Malaysia's retail sales increased 11.3% yoy to 92.2 billion ringgit in 1Q15. The growth was led by an increase in retail sales of automotive fuel in specialized stores (14.4% yoy), retail sales in non specialized stores (13.9% yoy), as well as retail sales of other goods in specialized stores (10.8% yoy) in 1Q15.

👉 Department of Statistics Malaysia, 12 May, 2015

👉 https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=109&bul_id=OVBiQINNUWRLUmd4aGRsU01wUkU5dz09&menu_id=b0pIV1E3RW40VVRTUkZocEhyZ1pLUT09

Statistics: CPI grows 2.1% yoy in May 2015

Malaysia's consumer price index (CPI) rose 2.1% yoy to 112.3 in May 2015. The growth was attributable to the increase in alcoholic beverage & tobacco by 11.3% yoy, health by 5% yoy, restaurant & hotel by 4.5% yoy and food & non-alcoholic beverages by 3.5% yoy in May 2015.

👉 Department of Statistics Malaysia, 19 June, 2015

👉 https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=106&bul_id=SWRvaDY1T1REMDdVSFdcZGJqZzM2QT09&menu_id=bThzTHQxN1ZqMVf6a2I4RkZoNDFkQT09

Supermarkets: Tesco Malaysia to offer self-checkout services

Tesco, the largest grocery retailer in the U.K., is set to roll out self-checkout services in its Malaysian hypermarket network. The retail giant has chosen NCR, a U.S.-based consumer transaction technology firm, as the self-checkout services provider. NCR will provide consulting, training and services to ensure smooth deployment of the self-checkout services. The first trial deployment will be launched at Tesco's IOI City Mall branch in Putrajaya, followed by Tesco KSL City in Johor.

👉 Inside Retail Asia, 23 June, 2015

👉 <https://insideretail.asia/2015/06/23/tesco-malaysia-to-launch-self-checkout-lanes/>

Convenience stores: 7-Eleven to open 200 new stores in Malaysia

7-Eleven, Japan's largest chain convenience store operator, will add 200 new stores and revamp over 200 stores across Malaysia in 2015. A third of the new store openings and renovation will be in Klang Valley, the heart of greater Kuala Lumpur. The expansion and facelift, expected to cost up to US\$24 million or 90 million ringgit, is part of the retailer's efforts to upgrade its stores and differentiate itself from its rivals. The new stores in Malaysia will feature coffee, meals to prepare onsite, tables and chairs, colourful fitouts and a more spacious environment.

👉 Inside Retail Asia, 25 June, 2015

👉 <https://insideretail.asia/2015/06/25/7-eleven-malaysia-moves-upmarket/>

Singapore

Statistics: Retail sales add 0.8% mom in April 2015

Singapore's retail sales inched up 0.8% mom in April 2015, due to an increase in telecommunications apparatus & computers sales by 8.6% mom, optical goods & books sales by 7% mom and medical goods & toiletries sales by 6.5% mom. By category, sales of motor Vehicles, wearing apparel & footwear, supermarkets and furniture & household equipment grew between 0.7% and 3.9% mom. By contrast, sales of petrol services stations, department stores, recreational goods, mini-marts & convenience stores, watch & jewellery and food & beverages fell 0.1% and 6.8% mom in April 2015.

↻Singapore Statistics, June 2015

↻<http://www.singstat.gov.sg/publications/publications-and-papers/services/monthly-retail-sales-and-food-beverage-service-indices>

Statistics: CPI slides 0.4% yoy in May 2015

Singapore's consumer price index fell 0.4% yoy in May 2015. The drop was mainly led by a decline in housing & utilities price by 3.8% yoy, household durables & services by 2% yoy, miscellaneous goods & services by 0.3% yoy, healthcare by 0.2% yoy and recreation & culture by 0.1% yoy in May 2015.

↻Department of Statistics Singapore, 23 June, 2015

↻http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/cpimay2015.pdf

Statistics: Consumer satisfaction for Singaporean retail sector nudges higher

Consumer satisfaction for retail sector in Singapore edged up 0.4 point yoy to 70 points in 1Q15. By category, the consumer satisfaction for the motor vehicle and the petrol service station sub-sectors registered notable growth, adding 2.2 points yoy and 1.4 points yoy to 72.8 points and 70.7 points respectively, while the score for the sub-sectors of supermarket, jewellery, fashion & apparels, clocks & watches, departmental stores and furniture all moved down in 1Q15.

↻The Institute of Service Excellence of Singapore Management University, 18 June, 2015

↻<http://ises.smu.edu.sg/news/2015/06/18/singapore-consumers-more-satisfied-retail-infocomm-sectors>

↻The Business Times, 17 June, 2015

↻<http://www.businesstimes.com.sg/consumer/customer-satisfaction-for-singapore-retail-info-comm-sectors-edges-higher>

Supermarkets: NTUC FairPrice ties up with Cognizant to create multi-channel shopping experience

NTUC FairPrice, Singapore's largest supermarket operator, has partnered with U.S. technology solution provider Cognizant to carry out digital transformation. Under the partnership, Cognizant has established a digital eCommerce platform for FairPrice, enabling the retailer to offer integrated, consistent and personalized customer services across multiple channels. The move has helped FairPrice

improve real-time product and inventory visibility, enhance retail management and gain a better understanding of customer preferences and purchase history.

➤ Inside Retail Asia, 16 June, 2015

➤ <http://insideretail.asia/2015/06/16/ntuc-fairprice-chooses-cognizant/>

E-commerce: Inverted Edge pairs up with Qlik to launch in-store digital shopping solution

Inverted Edge, a Singapore-based online fashion retailer, has recently tied up with U.S. visual analytics solution provider Qlik to introduce an in-store digital shopping solution, which enables customers to have a personalized interactive digital shopping experience within its stores. Aside from displaying quality fashionable luxury apparel, the in-store solution comprises a continually changing showcase of photos and stories from customers, through which customers can share the clothes they wear and their related stores across social media platforms.

➤ Retail in Asia, 25 June, 2015

➤ <http://www.retailinasia.com/article/tech/online-retailing/2015/06/singapore-online-fashion-retailer-teams-qlik-launch-store-digi>

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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