

# Asia (ex-China) Retail

## BI WEEKLY UPDATES

1 March 2016 – 15 March 2016

### *the latest in asia*

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## Asia at a Glance

### **Retail in general: Customization gains importance in Asia**

According to a recent report by The Economist Intelligence, 78% of 525 business executives surveyed across 14 Asian countries noted that demand for product personalization will soon be stronger in emerging markets than developed markets. The report also stated that China, India and Japan are the top three countries where mass customization will be a focus of companies' product strategies over the next three years. To support the strategies and meet the increasing demand for customization, companies are advised to upgrade their operations, in particular the state of supply chain.

☞Warc.com, 2 March 2016

☞[http://www.warc.com/LatestNews/News/EmailNews.news?ID=36321&Origin=WARCNewsEmail&CID=N36321&PUB=Warc News&utm\\_source=WarcNews&utm\\_medium=email&utm\\_campaign=WarcNews20160302](http://www.warc.com/LatestNews/News/EmailNews.news?ID=36321&Origin=WARCNewsEmail&CID=N36321&PUB=Warc News&utm_source=WarcNews&utm_medium=email&utm_campaign=WarcNews20160302)

### **Retail in general: Mainland China remains top market in Asia-Pacific region for international retailers**

According to a survey entitled *How Active Are Retailers Globally?* released by CBRE, Mainland China remains the top market in the Asia-Pacific region, with 24% of the international retailers targeting the market for store expansion, followed by Hong Kong (24%), Japan (22%), Singapore (21%), Australia (19%), South Korea (14%) and Taiwan (11%). It is noteworthy that the vote for Singapore rose 10 percentage points yoy in 2015; meanwhile, Malaysia and Indonesia also made their debut in the top 10 list this year, suggesting the growing importance of the Southeast Asian market among international retailers. The survey also shows that 56% of international retailers indicated that the rise in real estate cost is the biggest challenge for their store expansion, followed by unclear economic prospects (42%). 83% of retailers suggest that their physical store expansion plans will not be affected by the growth of e-commerce, while only 22% of retailers are concerned about stiff competition from online retailing as a threat to their business.

☞Linkshop.com, 10 March 2016

☞<http://www.linkshop.com.cn/web/archives/2016/345684.shtml> (in Chinese only)

### **E-commerce: Rakuten launches C2C mobile app Rakuma in Taiwan**

Japan's largest e-commerce company Rakuten has launched its C2C mobile app Rakuma in Taiwan, the first offshore market for the C2C mobile app which was first unveiled in Japan in late 2014. Providing quick product listing and direct chat function among users, the app enables Taiwanese users to sell and buy their personal, home and fashion goods seamlessly on their smart devices. Taiwan is regarded as a priority market for Rakuten's global growth strategy..

☞Inside Retail Asia, 2 March 2016

☞<https://insideretail.asia/2016/03/02/rakuten-taiwan-launches-rakuma/>

## **E-commerce: Asian e-commerce sales to hit US\$1.4 trillion in 2020**

According to a report by Forrester, total online revenue in China, Japan, South Korea, India and Australia is expected to nearly double from US\$733 billion in 2015 to US\$1.4 trillion in 2020, overtaking the online retail revenue in U.S. and all of Western Europe combined. China alone is projected to be worth US\$1.1 trillion by 2020, the largest e-commerce market in the world and nine-time larger than Japan of US\$122 billion and 17-time larger than South Korea of US\$65 billion in 2020. Nevertheless, India is estimated to be the fastest growing e-commerce market in Asia with online sales increase more than fivefold to US\$75 billion by 2020. The report also states that e-commerce market in Asian countries is dominated by web-only retailers such as Flipkart and Snapdeal in India and Taobao and Tmall in China, showing consumers are more attached to online pure players than sites operated by traditional retailers.

↻Warc.com, 7 March, 2016

↻[http://www.warc.com/LatestNews/News/EmailNews.news?ID=36343&Origin=WARCNewsEmail&CID=N36343&PUB=Warc\\_News&utm\\_source=WarcNews&utm\\_medium=email&utm\\_campaign=WarcNews20160307](http://www.warc.com/LatestNews/News/EmailNews.news?ID=36343&Origin=WARCNewsEmail&CID=N36343&PUB=Warc_News&utm_source=WarcNews&utm_medium=email&utm_campaign=WarcNews20160307)

## **Luxury: Hugo Boss Asia-Pacific sales drop 3%, to shut 20 stores in China**

German luxury fashion brand Hugo Boss has recently announced that its sales in Asian Pacific, wiping out the effect of exchange rates, dropped 3% for 2015 as a whole. The sales decline was due mainly to a slowdown in luxury spending in China, where the brand recorded a double-digit sales drop at constant currency rate in 4Q15, which resulted in a 7% sales decline in Asia Pacific. To combat the sales decline, Hugo boss will shut 20 stores in China and optimize its retail presence by strengthening its distribution and brand perception as well as undertaking extensive makeovers in the country.

↻Retail in Asia, 14 March, 2016

↻<http://www.retailinasia.com/article/sectors/fashion/2016/03/hugo-boss-asia-pacific-sales-down-3pc-close-20-stores-china>

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## **Japan**

### **Statistics: Consumer confidence index down 2.4 points to 40.1 in February 2016**

Japan's consumer confidence index moved down by 2.4 points to 40.1 in February 2016, due mainly to a drop in all the four major sub-indices, including overall livelihood (down 2.4 points mom), income growth (down 1.4 points mom), employment (down 3.7 points mom) and willingness to buy durable goods (down 2.1 points mom).

↻Economic and Social Research Institute, Cabinet Office, Government of Japan, 8 March, 2016

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

## **Department stores: Seven & I to close two department stores in Japan**

Japan's retail giant Seven & I will shutter two unprofitable department stores - the Sogo Kashiwa store in Chiba Prefecture and the Seibu Asahikawa store in Hokkaido by the end of September 2016 as part of its structural changes aimed to bolster the group's overall performance. The company is also looking to shutter 20 general merchandise stores operated by subsidiary Ito-Yokado by February 2017, as part of its plans announced in October 2015 to close 40 stores within five years. Seven & I is expected to register profit growth of 2% to about 350 billion for the year end 29 February, 2015; yet, its net profit may have slid on extraordinary losses incurred from the store closures.

👉Nikkei Asian Review, 8 March, 2016

👉<http://asia.nikkei.com/Business/Companies/Seven-i-to-shutter-2-department-stores-in-japan>

## **Beauty and personal care: Kose unveils global marketing plan**

Japan's major cosmetic company Kose has announced a global marketing plan aiming to ramp up its international presence. Following the success of its flagship store of Sekkisei skincare line, Kose is set to roll out more Sekkisei sales counters at department stores in Fukuoka, Osaka and Tokyo in April 2016, and open a duty-free store in Hawaii by the end of 2016. The company will also increase Sekkisei retail presence at department stores in China, Malaysia and Singapore, as parts of its efforts to expand Sekkisei network to seven countries within three years. Currently, Kose's Sekkisei skincare line earns about 30 billion yen (US\$266 million) annually, and is looking to boost the sales to as much as 60 billion yen by 2020.

👉Inside Retail Asia, 9 March, 2016

👉<https://insideretail.asia/2016/03/09/kose-cosmetics-reveals-global-ambition/>

## **Apparel: Belstaff taps Japanese market**

British fashion brand Belstaff has opened its first store in Japan in Nagoya's Matsuzakaya department store. The debut store, with a floor area of 409 sqft, houses the brand's latest menswear range and its label's Legends collection. The brand plans to have four stores in Japan in 2016, including one in Kobe in September 2016, offering both menswear and womenswear. Prior to its debut in Japan, Belstaff has opened three stores in Seoul, and one in Macau.

👉Inside Retail Asia, 15 March, 2016

👉<https://insideretail.asia/2016/03/15/belstaff-japan-launches-first-outlet/>

## **Accessories: Seiko makes foray into Australia**

Japan's watchmaker Seiko has opened its first Australian store in Queen Victoria Building in Sydney. The new store houses Seiko's Grand Seiko, Astron and Credor collections, as well as several watches never before offered in Australia. To ramp up its presence in the world's leading cities, Seiko opened stores in Frankfurt, Moscow and Tokyo in 2015 and is set to open more stores in 2016.

👉Fashionmag.com, 3 March, 2016

☞ [http://kr.fashionmag.com/news/Seiko-opens-first-Australian-boutique.664284.html#utm\\_source=newsletter&utm\\_medium=email](http://kr.fashionmag.com/news/Seiko-opens-first-Australian-boutique.664284.html#utm_source=newsletter&utm_medium=email)

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## South Korea

### **Statistics: CPI adds 1.3% yoy in February 2016**

South Korea's consumer price index grew 1.3% yoy in February 2016, thanks to an increase in prices of food & non-alcoholic beverages (up 3.3% yoy), restaurant & hotels (up 2.9% yoy), clothing & footwear (up 1.9% yoy), furnishings, household equipment & routine maintenance (up 1.8% yoy), education (up 1.8% yoy), miscellaneous goods & services (up 1.5% yoy) and recreation & culture (up 1.4% yoy). However, prices of transport fell 1.4% yoy in February 2016.

☞ Statistics Korea, 3 March 2016

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

### **Department stores: Hyundai Department Store renews brand identity and simplifies name to The Hyundai**

South Korea's major department store operator Hyundai Department Store is renewing its brand identity and simplifying its name to "The Hyundai". The retailer has started refurbishing the exterior of its establishments and rolling out its new logo and corporate colours from its Apgujeong flagship store in March 2016. The design of "The Hyundai" will be in dark green and lilac hues with a view to promoting a luxury image. The new logo will also be introduced inside the store, on shopping bags and membership cards as well as other collateral. Hyundai currently operates 15 department stores, seven U-Plex stores and three outlets in South Korea.

☞ Inside Retail Asia, 4 March, 2016

☞ <https://insideretail.asia/2016/03/04/retailer-simplifies-name-to-the-hyundai/>

### **E-commerce: 11st Street launches personalized service app Life Plus**

South Korea's e-commerce retailer 11st Street has recently launched a mobile app named Life Plus to offer personalized services including car washing, house cleaning, laundry pickup, custom shoes and shirts, and home interior for its customers, aiming to turn itself into an O2O service portal. Some of the services are limited to certain districts; yet, 11st Street is set to expand its services nationwide soon and add more service options.

☞ Inside Retail Asia, 15 March, 2016

☞ <https://insideretail.asia/2016/03/15/services-give-korean-online-retailers-the-edge/>

### **Beauty and personal care: Amore Pacific to launch Sulwhasoo, lope on Tmall**

South Korea's largest cosmetics company Amore Pacific has sealed a strategic partnership with Alibaba to ramp up its presence on Tmall. Under the partnership, Amore Pacific would start selling its premium cosmetics brands – Sulwhasoo on

Tmall from 1 March 2016. The company also plans to introduce another upscale cosmetic brand – Iope on Tmall in 2016. Prior to the launch of Sulwhasoo, Amore Pacific has already introduced a couple of its cosmetics brands including Laneige, Mamonde, Innisfree, Etude House and Ryo on Tmall.

↻Fashionmag.com, 29 February, 2016 (in Chinese only)

↻[http://cn.fashionmag.com/news/ai-mo-li-tai-ping-yang-yu-a-li-ba-ba-qian-shu-zhan-lue-he-zuo-xie-yi--662273.html#utm\\_source=newsletter&utm\\_medium=email](http://cn.fashionmag.com/news/ai-mo-li-tai-ping-yang-yu-a-li-ba-ba-qian-shu-zhan-lue-he-zuo-xie-yi--662273.html#utm_source=newsletter&utm_medium=email)

## **Beauty and personal care: LG plans to bring more cosmetics brands to China**

LG Household & Healthcare, a personal care and beauty unit under South Korea's major electronics company LG Electronics, plans to introduce its high-end cosmetic brand SU:M37 to China in 2016. The brand will be available for sale at the Intime Department in Wuning, Jiangxi in April and Tmall in May, respectively. The company will also introduce to China cosmetics brands that are best sellers at Lotte Duty Free stores. LG currently has 25 cosmetics brands, of which Whoo, Ohui and The Face Shop have already been introduced to China. In 2016, the company aims to have 3: 7 online-offline sales ratio in China, with Tmall taking up 60% of its online sales portion.

↻Fashionmag.com, 2 March, 2016

↻[http://tw.fashionmag.com/news/han-guo-lg-qi-xia-gao-duan-mei-zhuang-pin-pai-ni-jin-jun-zhong-guo,663688.html#utm\\_source=newsletter&utm\\_medium=email](http://tw.fashionmag.com/news/han-guo-lg-qi-xia-gao-duan-mei-zhuang-pin-pai-ni-jin-jun-zhong-guo,663688.html#utm_source=newsletter&utm_medium=email)

## **Beauty and personal care: It's Skin expands in India**

South Korea's fourth-largest cosmetic company, It's Skin, has sealed a memorandum of understanding (MOU) with India's retail titan Dabur India, aiming to sell 120 kinds of its cosmetics in Dabur India's beauty chain store New U. The company also plans to open 20 stores in New Delhi and the surrounding cities in 2016. Dabur India currently operates 70 New U stores across 28 cities in India.

↻Inside Retail Asia, 10 March, 2016

↻<https://insideretail.asia/2016/03/10/its-skin-signs-with-dabur-india/>

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## **Taiwan**

### **Statistics: CPI adds 2.4% yoy in February 2016**

Taiwan's consumer price index rose 2.4% yoy in February 2016, attributable to the growth in prices of food (up 8.45% yoy), Housing (up 1.42% yoy) and miscellaneous items (up 1.26% yoy). However, prices of transportation & communication and clothing dropped 3.26% yoy and 0.75% yoy respectively in February 2016.

↻National Statistics, Republic of China (Taiwan), 8 March, 2016

↻<http://eng.stat.gov.tw/lp.asp?ctNode=2410&CtUnit=1016&BaseDSD=7>

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## Thailand

### **Statistics: CPI down 0.5% yoy in February 2016**

Thailand's consumer price index slid 0.5% yoy in February 2016. By category, prices of transportation & communication, raw food & energy and electricity, fuel & water supply fell 4.4% yoy, 3.6% yoy and 3.4% yoy respectively. By contrast, prices of tobacco & alcoholic beverages, recreation & education and food & non-alcoholic beverages grew 6.3% yoy, 1.2% yoy and 1% yoy respectively in February 2016.

☞ Trade and Economic Indices Bureau, Ministry of Commerce Thailand, February 2016

☞ [http://www2.moc.go.th/main.php?filename=index\\_design4\\_en](http://www2.moc.go.th/main.php?filename=index_design4_en)

### **Shopping malls: The Mall Group to spend 5 billion baht for further expansion**

Thailand's major shopping mall operator The Mall Group plans to earmark 5 billion baht (US\$139.8 million) for new projects and a facelift for its current stores in 2016. The company will spend 800 million baht for a new building behind The Mall Bang Khae and the remaining 4.2 billion baht for an extension of two malls in Nakhon Ratchasima. The Mall Group predicts its sales to grow 5% yoy to 52 billion baht in 2016.

☞ Retail News Asia, 1 March, 2016

☞ <http://www.retailnews.asia/the-mall-group-plans-further-expansion/>

### **Retail in general: Central Group to spend US\$1.1 billion worldwide for store expansion**

Thailand's largest retail conglomerate Central Group plans to allocate about 39 billion baht (US\$1.1 billion) to open new supermarkets, stores and hotels in 2016 to boost turnover. In Thailand, the company plans to set up about 420 new retail stores, including expanding its FamilyMart convenience store network and Tops supermarket chain. Internationally, the company plans a hotel project in the Maldives and is set to invest in more retail businesses in Cambodia, Vietnam, Myanmar and Laos.

☞ Inside Retail Asia, 3 March, 2016

☞ <https://insideretail.asia/2016/03/03/central-group-thailand-to-invest-us1-1bn/>

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## Malaysia

### **Beauty and personal care: Australian pharmacy house to form JV in Malaysia**

CW Retail Asia, Australia's pharmacy chain store operator, has formed a joint venture company in Malaysia to launch pharmacy chain stores named Chemist Warehouse Berjaya Asia. The joint venture company is 75% owned by Malaysia's pharmacy company Morning Charm and its subsidiary Monarch Wonder and 25% by CW Retail Asia. It will supply goods and services to Cosway Pharmacies and Tigas Alliance. Owning 80% of Morning Charm, Malaysia's trading conglomerate

Berjaya Corporation believes the joint venture company will help it tap into the pharmacy warehousing business sector and strengthen its pharmacy distribution and retail businesses.

☞80 Quartier, 7 March, 2016

☞<http://www.eightyquartier.com/berjaya-cw-retail-to-operate-new-pharmacy-chain/>

☞The Malaysia Online, 4 March, 2016

☞<http://www.themalaymailonline.com/money/article/berjaya-corps-shares-rise-in-morning-session-on-collaboration-with-cw-retai>

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## Singapore

### **Retail in general: Singapore remains the world's most expensive city**

Singapore has kept the title of the world's most expensive city for the third year in succession, albeit undergoing the city's longest period of downward consumer prices since the 1970s, according to the latest worldwide cost of living survey by the Economist Intelligence Unit. Even though Singapore's overall living costs had moved down by 10%, it was still the costliest city in 2015, ahead of Zurich, Hong Kong, Geneva and Paris. The result is based on the comparison of the costs of a basket of over 160 items, ranging from food, toiletries and clothing to domestic help, transport and utility bills across 133 cities.

☞The Straits Times, 10 March, 2016

☞<http://www.straitstimes.com/business/economy/singapore-still-worlds-most-expensive-city-eiu>

### **Apparel: Eres makes Asian debut in Singapore**

French luxury swimwear brand Eres has set up its first Asian boutique at the Four Seasons Hotel in Singapore. The new store, with a floor area of 484 sqft, showcases the brand's latest swim and lingerie collections, with prices ranging from S\$125 to S\$700. Founded 1968, Eres currently has 43 stores worldwide, with focus mainly on the European and U.S. markets.

☞Inside Retail Asia, 10 March, 2016

☞<https://insideretail.asia/2016/03/10/eres-brings-french-style-to-asia/>

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## 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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