

# Asia (ex-China) Retail

BIWEEKLY UPDATES

1 October 2015 – 15 October 2015

## *the latest in asia*

### **Asia at a glance** p2

Retail in general: Taiwan, Japan, South Korea become the most sought-after shopping destinations for Chinese tourists

Shopping malls: Aeon resumes mall development project in Thailand

Convenience stores: Lawson plans fast expansion in Thailand

E-commerce: Asia m-commerce shopping soars; China's consumers make more online purchases via mobile devices

Luxury: Asia luxury market to hit US\$134.9 billion by 2019

### **Japan** p3

Statistics: Consumer confidence index down 1.1 points to 40.6 in September 2015

Apparel: Fast Retailing to curb store expansion in the U.S.

### **South Korea** p4

Statistics: Retail sales inch up 0.3% yoy in August 2015

Statistics: CPI drops 0.2% mom in September 2015

Apparel: Columbia Korea plans aggressive expansion

Luxury: Burberry eyes expansion in South Korea

### **Taiwan** p5

Statistics: CPI up 0.68% mom in September 2015

Apparel: O'Ringo opens first overseas store in Hong Kong

Accessories: Guangfuhao makes overseas debut in Hong Kong

### **Thailand** p6

Statistics: CPI slides 0.05% mom in September 2015

Shopping malls: LH to invest 14 billion baht in two new shopping malls

Hypermarkets: Tesco Lotus to build distribution hub in northern Thailand

E-commerce: Line Thailand to roll out mobile payment service

### **Malaysia** p7

Department stores: Parkson ramps up Malaysia presence

### **Singapore** p7

Statistics: Retail sales rise 5% mom in August 2015

Shopping malls: Singapore's fund GIC invests in five US retail malls

E-commerce: Indian online grocer Grofers to relocate head office to Singapore

E-commerce: SingPost takes over U.S. ecommerce solution firm Jagged Peak

Beauty and personal care: Stenders makes debut in Singapore



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## Asia at a Glance

### **Retail in general: Taiwan, Japan, South Korea become the most sought-after shopping destinations for Chinese tourists**

Outbound Chinese tourists have created a bonanza for retailers and service providers in Taiwan, Japan and South Korea, which are the most popular shopping destinations for Chinese tourists during the annual Chinese National Day Holiday. In Taiwan, Chinese tourist arrival hit a single-day record high of 16,171 on 1st October, 2015. The number is estimated to reach 90,000 and the tourists are expected to generate NT\$ 500 million in the territory. In Japan, Chinese visitors are estimated to spend RMB20,000-RMB30,000 per capita on shopping for the most popular items, including living supplies, cold medicines, pain medication, glasses, eye relief pad and stationery items.

☞Deutsche, 5 October, 2015

### **Shopping malls: Aeon resumes mall development project in Thailand**

Aeon Thailand, a Thailand-based property development unit of Japan's largest retailer Aeon, has recently resumed its property development program in the country suspended since 1997. The retailer will open a new shopping mall in Sriracha, Thailand on 21 October 2015. The new shopping mall, comprising three storeys with an operational area of 7,000 sqm, will house a 24-hour hybrid supermarket-convenience store MaxValu, a supermarket unit under Aeon, as well as 20 restaurants and specialty stores. Apart from Thailand, the Japanese retail giant will also open new shopping malls in Vietnam, Cambodia and Indonesia as part of its efforts to maintain growth outside its mature home market Japan.

☞Inside Retail Asia, 15 October, 2015

☞<https://insideretail.asia/2015/10/15/aeon-thailand-opens-first-mall-in-18-years/>

### **Convenience stores: Lawson plans fast expansion in Thailand**

Japan's second largest convenience store operator, Lawson, will open over 100 Lawson 108 stores in 2016 in Thailand as part its plan to have up to 1,000 stores in the country by 2019. The Japanese retailer currently operates 41 branches of Lawson 108 via Saha Lawson Co., a joint venture set up with the local consumer goods giant Saha Group since its entry to the country in 2013. The Japanese retailer also plans to convert some 108 shops owned by Saha Group to Lawson 108.]

☞Bangkok Post, 7 October, 2015

☞<http://www.bangkokpost.com/business/news/720820/lawson-eyes-fast-expansion>

### **E-commerce: Asia m-commerce shopping soars; China's consumers make more online purchases via mobile devices**

According to Visa's 2015 Regional E-commerce Monitor Survey, Asia Pacific consumers are increasingly likely to make their online purchases and bill payments through mobile phone or tablet, rather than via desktops. In m-

commerce market, Indonesia saw a greatest growth of 36% yoy in the region in 2014, followed by China and Taiwan with growth rate of 34% yoy and 28% yoy respectively. Moreover, the gap between making online purchases through traditional e-commerce channels and mobile devices is narrowing as a result of the growing popularity of m-Commerce across the region. In China, the gap of making purchases through e-commerce channels versus mobile devices was only 8%; and that in Korea and Indonesia were both 9%. The top three categories for overall m-commerce are fashion, bills and movies, with each taking up 27%.

☛ Inside Retail, 1 October 2015

☛ <https://insideretail.asia/2015/10/01/asia-mcommerce-shopping-soars/>

## **Luxury: Asia-Pacific luxury market to hit US\$134.9 billion by 2019**

Luxury goods retail sales in Asia-Pacific region are estimated to hit US\$134.9 billion by 2019, according to a latest report by retail research agency Conlumino. In the region, Japan will remain the largest luxury market amid the cooling economy in China, while India's luxury goods market will register fastest growth, underpinned by increasing disposable income, growing fascination towards luxury brands, and the desire of high earners to stand out from others. Jewellery, watches and accessories is the largest and fastest growing category in the region, fueled by higher spending on jewellery and watches by Chinese, Japanese and South Korean consumers.

☛ Inside Retail Asia, 2 October, 2015

☛ <https://insideretail.asia/2015/10/02/asia-luxury-goods-market-still-growing/>

☛ PR Newswire, 1 October, 2015

☛ <http://www.prnewswire.com/news-releases/apac-luxury-goods-market-retail-to-hit-1349-billion-by-2019-530262501.html>

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## **Japan**

### **Statistics: Consumer confidence index down 1.1 points to 40.6 in September 2015**

Japan's consumer confidence index dropped 1.1 points to 40.6 in September 2015, due mainly to a fall in sentiment on all the sub-indices, including income growth (down 0.5 point mom), willingness to buy durable goods (down 1.2 points mom), overall livelihood (down 1.3 points mom) and employment (down 1.4 points mom) in September 2015.

☛ Economic and Social Research Institute, Cabinet Office, Government of Japan, 13 October, 2015

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

### **Apparel: Fast Retailing to curb store expansion in the U.S.**

Fast Retailing, the parent company of Japan's largest fast fashion brand Uniqlo, announced that it will open fewer U.S. stores for its core Uniqlo brand in 2015 following a rapid expansion failed to engage customers, resulting in a weaker-than-expected annual profit. The fast fashion giant will only open five Uniqlo stores in the U.S. in the fiscal year which began on 1 September 2015 after opening just three times as many stores last fiscal year. Fast Retailing had previously set an

ambition target of opening 100 Uniqlo stores in the U.S., the world's largest apparel market, over the next few years.

↻CNBC, 8 October, 2015

↻<http://www.cnn.com/2015/10/08/reuters-america-update-1-uniqlo-to-rein-in-us-store-openings-after-missing-profit-guidance.html>

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## South Korea

### **Statistics: Retail sales inch up 0.3% yoy in August 2015**

Sales of the top three chain department store operators in the country, namely Hyundai Department Store, Lotte Shopping and Shinsegae dropped 6.5% yoy, slightly behind the initial estimates of a 6.6% yoy fall. Sales of major discount stores dived 7.6% yoy in August 2015, smaller than earlier estimates of 8.4% yoy decline. According to the Ministry of Trade, Industry and Energy of South Korea, the lackluster sales were attributable to the autumn Chuseok holiday falling in late September this year instead of early September last year. In general, consumers are used to splurge ahead of the holiday, which helps stimulate consumption each year.

↻Inside Retail Asia

↻<https://insideretail.asia/2015/10/02/south-korea-retail-sales-recovering/>

### **Statistics: CPI drops 0.2% mom in September 2015**

South Korea's consumer price index decreased slightly by 0.2% mom to 110.04 in September 2015. By category, prices of furnishings, household equipment & routine maintenance, miscellaneous goods and services, food and non-alcoholic beverages, recreation & culture and transport fell between 0.4% mom and 1.4% mom. By contrast, prices of education, healthcare services, restaurants & hotels, clothing & footwear and housing, water, electricity, gas & other fuels grew between 0.1% mom and 0.4% mom, while prices of communication and alcoholic beverages & tobacco remained unchanged in September 2015.

↻Statistics Korea, 2 October, 2015

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

### **Apparel: Columbia Korea plans aggressive expansion**

Columbia Korea, the South Korean affiliate of U.S. sportswear brand Columbia, announced it will expand its retail network in South Korea as part of its plans to become one of the top three sportswear retailers in the country by 2020. The sportswear company will upsize the retail network of its existing 250 stores and extend its range of apparel by tapping into fishing, yoga and casual outdoor categories. The company is also aiming at 500 billion won (US\$430 million) in annual sales by 2020. In 2014, Columbia Korea ranked seventh with 320 billion won (US\$274.6 million) in sales in South Korea's sportswear market.

↻Inside Retail Asia, 7 October, 2015

↻<https://insideretail.asia/2015/10/07/columbia-korea-in-aggressive-expansion/>

### **Luxury: Burberry eyes expansion in South Korea**

British luxury fashion brand, Burberry, has recently opened its first South Korean flagship store in Cheongdamdong, Seoul, where flagship outlets of international luxury brands are clustered. The flagship store comprises 13 storeys, two underground floors and 11 above. In addition, the British luxury brand will also be the first British luxury brand to launch on South Korea's largest social platform Kakao. The brand has recently sealed a global partnership with Kakao. Under the tie-up, Burberry will be active across Kakao Talk, Kakao TV and Kakao Giftshop, offering Kakao's 190 million followers direct access to its runway shows, campaigns and events. It will also offer a selection of products to buy direct from the runway, via Kakao Giftshop, enabling Kakao's users to enjoy the fashion shows and shop for the brand's hot items at the same time.

☞ Inside Retail Asia, 5 October, 2015

☞ <https://insideretail.asia/2015/10/05/burberry-seoul-flagship-opens/>

☞ Inside Retail Asia, 6 October, 2015

☞ <https://insideretail.asia/2015/10/06/burberry-launches-on-kakao/>

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## Taiwan

### Statistics: CPI up 0.68% mom in September 2015

Taiwan's consumer price index increased by 0.68% mom in September 2015, due mainly to a rise in vegetables prices (up 16.52% mom) and fruits prices (up 15.11% mom) respectively as a result of lower supply and higher demand during the Mid-Autumn Festival. By category, prices of services for nursery and nursing care grew 6.7% mom. By contrast, prices of fuel and lubricant, entertainment expenses and garments declined 2.53% mom, 2.32% mom and 1.37% mom respectively in September 2015.

☞ National Statistics, Republic of China (Taiwan), 7 October, 2015

☞ <http://eng.stat.gov.tw/ct.asp?xItem=38539&ctNode=2410&mp=5>

### Apparel: O'Ringo opens first overseas store in Hong Kong

O'Ringo, a handmade men's leather shoe brand from Taiwan, has opened its first overseas store in Hong Kong. The debut store is the fourth store operated by the nine-year old brand which now has three stores in Taiwan. The company hopes that the Hong Kong shop can showcase the international status of Taiwanese shoemaking craftsmanship. It also believes that the city is a perfect springboard from which to get access into the China market and offers a foothold for the company to test its brand acceptance as well as expand its business in both the international and mainland markets.

☞ Inside Retail Asia, 5 October, 2015

☞ <https://insideretail.asia/2015/10/05/oringo-shoe-shop-steps-into-hong-kong/>

### Accessories: Guangfuhao makes overseas debut in Hong Kong

Guangfuhao, a handmade canvas bag brand from Taiwan, has set up its first retail store outside Taiwan in Hong Kong. The Hong Kong store is the fourth store operated by the brand which currently operates three stores in Taiwan. The debut store features collections of canvas bags cater to the lifestyle and work purposes of

Hong Kong people. The company believes that Hong Kong, as an international city with a huge number of international and Chinese tourists every year, offers a perfect platform for the brand to market its products and boost its brand image globally

☞ Inside Retail Asia, 6 October, 2015

☞ <https://insideretail.asia/2015/10/06/guangfuhao-hong-kong-store-opens/>

☞ Guangfuhao's official website, accessed on 7 October, 2015

☞ <http://www.gfh1995.com/sales.php>

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## Thailand

### Statistics: CPI slides 0.05% mom in September 2015

Thailand's consumer price index edged down by 0.05% mom to 106.28 in September 2015. By category, prices of non-food & beverages, housing & furnishing, transportation & communication, raw food & energy and electricity, fuel & water supply fell between 0.14% mom and 0.82% mom. By contrast, prices of recreation & education, prepared food, tobacco & alcohol beverages, food & non-alcoholic beverages, apparel & footwear and medical & personal care grew between 0.02% mom and 0.29% mom in September 2015.

☞ Ministry of Commerce (Thailand), October 2015

☞ [http://www.indexpr.moc.go.th/price\\_present/cpi/data/index\\_47\\_e.asp?list\\_month=09&list\\_year=2558&list\\_region=country](http://www.indexpr.moc.go.th/price_present/cpi/data/index_47_e.asp?list_month=09&list_year=2558&list_region=country)

### Shopping malls: LH to invest 14 billion baht in two new shopping malls

Land and Houses Plc (LH), a Thailand-listed property developer, plans to earmark 14 billion (US\$382.6 million) baht for setting up two new Terminal 21 shopping malls in Pattaya and Phuket, Thailand, with investment value of each of the shopping mall estimated at 7 billion baht compared with the 3 billion baht-first Terminal 21 shopping mall in Bangkok, Thailand. The new malls are part of the company's 20 billion baht expansion plans for the next six years. LH will also kick-start development of Terminal 21 Korat shopping mall in Nakhon Ratchasima province in 2016. Apart from shopping malls, the company will also continue its investment in hotels and rental property projects in the Britain and the U.S. over the next couple of years.

☞ Bangkok Post, 2 October, 2015

☞ <http://www.bangkokpost.com/business/news/715208/lh-to-develop-terminal-21-malls-in-pattaya-phuket>

### Hypermarkets: Tesco Lotus to build distribution hub in northern Thailand

Ek-Chai Distribution System Co., the Thai operator of Tesco Lotus hypermarkets, is set to build a 2.5 billion baht distribution centre in northern Thailand, aiming to enhance the retail chain's logistics management efficiency. The new distribution centre will be set up in Chiang Mai or Lampang and support Tesco Lotus stores within a 400-km radius. The company currently uses distribution hubs in Bangkok and Khon Kaen to supply products to Tesco Lotus stores in the North. It also has

distribution centres in Ayutthaya, Nonthaburi, Pathum Thani, Khon Kaen and Surat Thani, serving almost 1,800 Tesco Lotus stores.

➤ Bangkok Post, 6 October, 2015

➤ <http://www.bangkokpost.com/business/news/719436/tesco-lotus-distribution-hub-planned-for-northern-region>

## **E-commerce: Line Thailand to roll out mobile payment service**

Line Thailand, a mobile messaging app owned by Thailand's fifth largest bank Krungsri, has entered into a partnership with CyberSource, the world's leading providers of e-commerce payment management services under Visa, to allow Thai users to make mobile payments using its Line Pay service. CyberSource will offer its full suite of payment, fraud management and tokenisation services for Line Thailand. Line users will be able to select mobile payment options at affiliated online and physical stores without using an additional app. Line has grown globally across 230 countries and regions since 2011, with its mobile messaging service app recording 205 million monthly active users as of April 2015. Currently, about 33 million Thais use Line Thailand.

➤ Inside Retail Asia, 8 October, 2015

➤ <https://insideretail.asia/2015/10/08/line-thailand-to-launch-mobile-payments/>

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## **Malaysia**

### **Department stores: Parkson ramps up Malaysia presence**

Parkson, Malaysia's department store operator, opened a new department store dubbed Parkson Aman Central in Alor Setar on 1 October 2015. The new store, with a floor area of 134,867 sqm covering four floors, houses over 450 brands for cosmetics and fragrance, toys and women's, men's and children's clothing.

Following the opening of Parkson Aman Central, the Malaysian retailer also plans to open a new store at VivaCity Mall in Kuching in November 2015. Currently, Parkson operates retail stores in four Asian countries, including Malaysia with 44 stores, China with 60 stores, Indonesia with 16 stores and Vietnam with nine stores.

➤ The Star, 1 October, 2015

➤ <http://www.thestar.com.my/Metro/Community/2015/10/01/New-store-on-the-block-Shoppers-spoilt-for-choice-at-latest-Parkson-outlet-in-Alor-Setar/>

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## **Singapore**

### **Statistics: Retail sales rise 5% mom in August 2015**

Singapore's retail sales increased by 5% mom in August 2015, due mainly to a growth in retail sales of motor vehicles (up 12.1% mom) and apparel & footwear (up 10.1% mom). By category, retail sales of food & beverages, mini-marts & convenience stores, supermarkets, department stores, watches & jewellery, medical goods & footwear, telecommunications apparatus & computers, furniture & household equipment grew between 0.1% mom and 8% mom. By contrast, retail

sales of optical goods & books, recreational goods and petrol service stations fell 1.8% mom, 2.1% mom and 3.7% mom respectively in August 2015.

☞ Department of Statistics Singapore, October 2015

☞ [http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications\\_and\\_papers/services/mrsaug15.pdf](http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/services/mrsaug15.pdf)

## **Shopping malls: Singapore's fund GIC invests in five U.S. retail malls**

GIC, Singapore's state-owned sovereign wealth fund, has forged a joint venture with Macerich, the third largest shopping centre operator in the U.S., to invest in five retail malls in the U.S. Under the alliance, GIC has taken a 40% stake in five properties, namely Washington Square in Portland, Oregon, Los Cerritos Centre in Cerritos as well as Lakewood Centre in Lakewood, California, Arrowhead Towne Centre in Glendale, Arizona and South Plains Mall in Lubbock, Texas. The transactions of the deal are due to settle between October 2015 and end of 1Q16.

☞ Inside Retail Asia, 1 October, 2015

☞ <https://insideretail.asia/2015/10/01/singapores-gic-buys-into-us-malls/>

## **E-commerce: Indian online grocer Grofers to relocate head office to Singapore**

Grofers, Gurgaon-based online grocer, has decided to relocate its head office to Singapore given the country's more favorable corporate tax rate of 17% versus 30% in India, as well as future listing opportunity. The online grocer currently provides an on-demand delivery service that connects consumers with local retailer in the neighbourhood. Its app-based service offers a wide range of goods including groceries, fresh fruits and vegetable, cosmetics, electronics, baby care products, pet care items, bakery items and flowers.

☞ Inside Retail Asia, 5 October, 2015

☞ <https://insideretail.asia/2015/10/05/indians-grofers-moves-hq-to-singapore/>

## **E-commerce: SingPost takes over U.S. e-commerce solution firm Jagged Peak**

SingPost, Singapore's national postal service provider, has added U.S.-based e-commerce solution company Jagged Peak to its international portfolio of e-commerce businesses. The acquisition was made through SingPost's wholly owned subsidiary SP Jagged Peak LLC, which has entered into an agreement to acquire a 71.1% equity stake in Jagged Peak for US\$15.8 million (approximately S\$22.5 million). The investment in Jagged Peak is part of SingPost's efforts to establish an end-to-end e-commerce logistics network and technology platform. It will also open the way for SingPost's customers to grow not only across Asia Pacific but into the U.S. and beyond seamlessly with one e-commerce logistics solution provider.

☞ Insider Retail Asia, 12 October, 2015

☞ <https://insideretail.asia/2015/10/12/singpost-takes-control-of-us-ecommerce-co/>

☞ Jagged Peak, 9 October, 2015

☞ <http://www.jaggedpeak.com/page/pr2015singaporepost>

## **Beauty and personal care: Stenders makes debut in Singapore**

Stenders, a cosmetics brand from Europe, is set to open its first store in Singapore in October 2015, as part of its efforts to increase its retail footprints in international markets. The debut store will be located in Plaza Singapura shopping centre on Orchard Road. The opening will be followed by debuts respectively in Vietnam, Portugal and London in November 2015. The cosmetics retailer currently operates 230 shops in 22 countries, including China and Japan. It offers a collection of about 350 products ranging from face and body to bath and hair care products.

➡ Inside Retail Asia, 9 October, 2015

➡ <https://insideretail.asia/2015/10/09/european-cosmetics-chain-heads-to-asia/>

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## 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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