

Asia (ex-China) Retail & E-commerce

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Asia at a Glance



Retail in general: Macau, Taiwan, Thailand, South Korea and Japan are popular destinations for Chinese travellers

According to a report by the China Tourism Academy and the financial services company UnionPay International Hong Kong, around 133 million Chinese travellers will make outbound trips by the end of 2016, up 11.5% yoy. Hong Kong, Macau and Taiwan remain the top destinations, followed by Thailand, South Korea and Japan. The report also stated that Chinese tourists are increasingly getting involved in leisure activities and learning about local lifestyles when travelling overseas rather than just shopping¹.

E-commerce: Southeast Asia e-commerce sales to reach US\$25 billion by 2020

E-commerce sales in Southeast Asia are expected to surpass US\$25 billion by 2020, according to Frost & Sullivan. Total sales from B2C e-commerce in six key Southeast Asian markets – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam will increase at a CAGR of 17.7%. Among the six key Southeast Asian markets, Malaysia and Thailand were the largest e-commerce markets in 2015, reaping revenues of US\$2.3 billion and US\$2.1 billion respectively. However, by 2020, these two markets are expected to be overtaken by emerging economies such as Indonesia and Vietnam. Low credit-card ownership and logistics issues are among the key factors hampering e-commerce growth in the region².

Japan



Statistics: Retail sales down 0.2% yoy in July 2016

Japan's retail sales slid 0.2% yoy in July 2016. By category, retail sales of fuel dropped 11.9% yoy in July 2016, followed by non-store retailing (down 1% yoy), general merchandise (down 0.7% yoy) and motor vehicles (down 0.2% yoy). By contrast, retail sales of food & beverages and fabrics apparel & accessories grew 2% yoy and 1.3% yoy respectively in July 2016, followed by machinery & equipment (up 0.8% yoy) and medicines & toiletry stores (up 0.6% yoy)³.

Statistics: Consumer confidence index stands at 42 in August 2016

Japan's consumer confidence index in August 2016 was 42, up 0.7 point mom. The growth was attributed largely to a rise in sentiment on all four major categories, including employment (up 1.5 points mom to 44.5), , income growth (up 0.5 point mom to 40.9), overall livelihood (up 0.4 point mom to 40.9) and willingness to buy durable goods (up 0.2 point mom to 41.5) in August 2016⁴.

Retail in general: Majority of Japanese cautious about using credit cards

A majority of Japanese people are cautious about using credit cards, according to a payment method survey conducted by Japan's Cabinet Office. 3,000 people aged 18

or over across Japan were being interviewed; the result of the survey suggests that 57.9% of respondents were negative about actively using credit cards. Major reasons for their reluctance include feeling no inconvenience without credit cards (55.4%), concern about their credit cards could go missing or be stolen (41.3%), and breaches of personal information (35.4%)⁵.

Convenience stores: Merger of FamilyMart and Uny forms Japan's second largest convenience store chain

Japan's major convenience store operator FamilyMart has recently merged with Uny, another local retailer which owns Circle K Sunkus convenience store chain in Japan. As most of the 6,250 Circle K Sunkus stores owned by Uny are converted to FamilyMart, the total store number of FamilyMart now amount to some 17,000 in Japan, making it the second largest convenience store chain in the nation, just after the industry leader Seven-Eleven Japan of about 18,000 stores⁶.

Convenience stores: Mitsubishi Corp plans Lawson takeover

Mitsubishi Corp, Japan's trading conglomerate, is planning to buy a majority stake in Japan's major convenience chain store Lawson for about 144 billion yen (US\$1.4 billion), aiming to raise its stake in Lawson to 50.1% from the current 33.47%. The takeover will launch in January 2016 pending regulatory approvals. Lawson will remain listed upon the deal⁷.

E-commerce: Rakuten takes over Fablic with its Fril app

Rakuten has acquired a 100% stake in Fablic, which owns C2C marketplace mobile app Fril. Established in July 2012, Fril is Japan's first C2C marketplace mobile app, with cumulative downloads over 5 million. It mainly sells fashion and beauty products. Rakuten is planning to let users log into Fril with their Rakuten member ID, and implement point campaigns using Rakuten Super Points⁸.

South Korea

Statistics: CPI up 0.4% yoy in August 2016

South Korea's consumer price index increased by 0.4% yoy to 110.66 in August 2016. By category, prices of restaurants & hotels gained 2.3% yoy in August 2016, followed by recreation & culture (up 1.8% yoy), education (up 1.5% yoy), furnishings, household equipment & routine maintenance (up 1.4% yoy), healthcare (up 1.1% yoy), miscellaneous goods & services (up 1% yoy), alcoholic beverages & tobacco (up 0.5% yoy), food & non-alcoholic beverages (up 0.5% yoy) and communication (up 0.1% yoy). By contrast, price of transport and housing, water, electricity, gas & other fuels fell 3% yoy and 1.4% yoy in August 2016⁹.

Luxury: Moynat Boutique makes debut in South Korea

Moynat Boutique, a French luxury bag and suitcase brand under LVMH, has opened its first South Korea store inside Shilla Hotel in

downtown Seoul. The new store showcases men's and women's lines as well as two designs created exclusively for the Seoul store. Moynat Boutique currently operates flagship stores in Paris, London and New York, as well as galleries in Hong Kong, Beijing, Tokyo, Seoul and Taiwan¹⁰.

Apparel: E-Land to sell fashion brand Teenie Weenie for nearly US\$900 million

South Korea's largest apparel retailer E-Land Group is set to dispose its youth clothing brand Teenie Weenie to Shanghai-listed women's wear company V-Grass for approximately US\$900 million. The proceeds raised from the disposal will help cut E-Land's debt-to-capital ratio by about a third. Since its entry in China in 2004, Teenie Weenie has established a strong foothold for its casual clothing targeting teens and consumers in early 20s. It currently operates about 1,400 department stores and retail outlets in China, generating annual sales of 420 billion won¹¹.

Apparel: Samsung's fashion brand Kuho plans U.S. foray

Kuho, a South Korean fashion brand under Samsung, plans to make foray into the U.S. market by entering U.S. premium department stores and opening Kuho branded retail store. Targeting the mid-to high-end market, Kuho offers men's and women's clothing items, ranging from US\$300-US\$400 for jackets and pants to US\$1,000 for coats. Currently, Kujo runs 66 stores in South Korea, with annual sales US\$90 million¹².

Hypermarkets: E-mart to open supermarkets in Vietnam

E-mart signed an agreement with Ho Chi Minh city last week and the company will invest in opening supermarkets, commercial facilities and local community stores in the city over the next four years. Originally, E-mart planned to open 52 stores in Vietnam by 2020. Last year, E-mart opened Shinsegae Hope Toy Library in Ho Chi Minh city and opened a US\$60 million worth supermarket in Go Vap District¹³.



Statistics: CPI up 0.57% yoy in August 2016

Taiwan's consumer price index grew 0.57% yoy in August 2016. By category, prices of food, miscellaneous, clothing and healthcare advanced 2.61% yoy, 1.70% yoy, 1.13% yoy and 0.89% yoy respectively in August 2016. By contrast, prices of housing, transportation & communication and education & entertainment declined by 0.80% yoy, 0.61% yoy and 0.32% yoy respectively in August 2016¹⁴.

Apparel: Jordan Brand to open Asia's largest flagship store in Taipei

The Jordan Brand store, owned and operated by Nike, is set to open a flagship store in Taipei by the end of this year. The store will be the first-ever Jordan Brand flagship store in Taiwan. The two-story store will feature a comprehensive range of products endorsed

by "Space Jam" star and former Chicago Bull's Michael Jordan. It also provides the latest high-caliber basketball facilities and online training services¹⁵.

Thailand

Statistics: CPI adds 0.3% yoy in August 2016

Thailand's consumer price index advanced 0.3% yoy in August 2016. By category, prices of tobacco & alcoholic beverages rose 13.1% yoy in August 2016, followed by medical & personal care (up 0.9% yoy), recreation & education (up 0.5% yoy) and apparel & footwear (up 0.5% yoy). However, prices of transportation & communication, housing & furnishing, raw food & energy and non-food & beverages fell 1.4% yoy, 1.3% yoy, 1% yoy and 0.6% yoy respectively in August 2016¹⁶.

E-commerce: Over 50% of Thai consumers shop online

According to a survey of 4,653 people in Bangkok and other Thai provinces conducted by Thailand's Ministry of Commerce in June and July in 2016, 56.87% of respondents said they shopped online, with clothing, accessories and shoes being the most sought-after products. Main drivers for buying online include the convenience with round-the-clock service, home delivery and large selection available. The majority of respondents shopped online once or twice a month, with average spending per purchase ranging between 501 and 1,000 baht¹⁷.

Malaysia

Retail in general: Retail sales to grow 6% in 3Q16

Malaysia's retail market is expected to post a 5.9% growth in 3Q16, according to the latest Malaysia Retail Industry Report by Retail Group Malaysia. The forecast growth was largely attributed to the implementation of Minimum Wages Order 2016 effective 1 July, 2016 and the launch of popular mobile game Pokémon Go in Malaysia in September 2016. Food and beverage outlets and grocery stores located adjacent to Poke gym location will benefit the most from the Pokémon Go frenzy; however, it is not expected to contribute significantly to retail sales¹⁸.

Singapore

Statistics: Retail sales down 3.1% yoy in July 2016

Singapore's retail sales, excluding motor vehicles, fell 3.1% yoy in July 2016. The decline was due largely to a drop in retail sales of computer & telecommunications equipment (down 18.8% yoy), petrol service stations (down 13.6% yoy), watches & jewellery (down 9.6% yoy), food & beverages (down 7.5% yoy), recreational goods (down 5.6% yoy), optical goods & books (down 3.6% yoy), furniture & household equipment (down

2.4% yoy), wearing apparel & footwear (down 2.2% yoy) and department stores (down 0.7% yoy) in July 2016. By contrast, retail sales of motor vehicles surged 36.5% yoy in July 2016, followed by medical goods & toiletries (up 4.5% yoy), mini-marts & convenience stores (up 1.2% yoy) and supermarkets (up 0.3% yoy)¹⁹.

Apparel: Uniqlo opens largest Southeast Asian store in Singapore

Japan's largest fast fashion brand Uniqlo is set to open a giant store in Singapore. The store, with a floor area of 2,700 sqm across three floors, will be the brand's largest flagship store in Southeast Asia. Uniqlo projects the ASEAN market will possibly take up 30% of the brand's international sales in five years, helping Uniqlo to achieve its 5 trillion yen sales target by 2020. The brand currently boasts about 130 stores in Southeast Asian region, including 25 stores in Singapore and 30-plus stores each in Malaysia, Thailand and the Philippines²⁰.

Luxury: Furla to launch its first made-to-order service

Furla has launched its first made-to-order service "Made For You" recently. Customers can design their own bags. For each customized bag, it will take between eight and 12 weeks from order to delivery, depending on the material chosen and on market demand. Each bag will also come with a personalized hand-written certificate featuring all of the bag's characteristics. Currently, this service is available only in Furla's Marina Bay Sands flagship store. It will soon be available in different retail formats, from permanent dedicated corners in key flagship stores to

pop-up events²¹.

Department stores: M&S launches table-service restaurant

M&S has opened a table-service flagship restaurant at Wheelock Place. The new restaurant has introduced M&S chilled food and the M&S Cafe, making it the first Asian outlet outside of Hong Kong to offer the range of more than 600 products. Currently, M&S has nine stores across Singapore; and the stores are run by long-standing franchise partner AI-Futtaim Group²².

Endnotes

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