

# Asia (ex-China) Retail

## BI WEEKLY UPDATES

1 July 2015 – 15 July 2015

### *the latest in asia*

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## Asia at a Glance

### **Supermarkets: Aeon expresses interest in Tesco's Malaysia unit**

Aeon, Japan's largest retailer, is reportedly interested in acquiring the Malaysian supermarket business of Britain's largest grocery retailer Tesco, valued at some 900 million pounds (US\$1.4 billion). Taking over Tesco's operations would make Aeon the biggest hypermarket group in Malaysia. The Japanese retailer operates 28 hypermarkets in Malaysia and plans to add 100 more stores in different retail formats by 2020. It also holds a 51.7% stake in its Malaysian retail subsidiary Aeon Co M Bhd, which owns 29 outlets and four MaxValu supermarkets in Malaysia.

☞CNBC, 7 July, 2015

☞<http://www.cnb.com/2015/07/07/reuters-america-update-1-japans-aeon-interested-in-buying-tescos-malaysia-unit-sources.html>

### **E-commerce: Online shopping becomes most popular purchasing method in key Asian markets**

Online shopping has overhauled physical retail as the most popular purchasing method in some major Asian markets, according to U.S. real estate firm CBRE. In developing markets such as China and India, 76% and 68% of customers respectively identified online shopping as their most commonly used method of making purchase. For more developed markets like South Korea and Taiwan, 73% and 55% interviewees respectively agreed that their primary method of making purchases is online. Along with convenience, pricing is also among the top reasons why consumers prefer buying online to offline, with 63% of interviewees regarding pricing as their key deciding factor.

☞Inside Retail Asia, 1 July, 2015

☞<https://insideretail.asia/2015/07/01/chinese-south-koreans-prefer-online-shopping-to-stores/>

☞CBRE, June 2015

☞<http://www.cbre.com/EN/research/asia%20pacific%20research/specialreports/Pages/Asia-Pacific-Consumer-Survey-How-we-like-to-shop-online.aspx>

### **Apparel: Uniqlo launches “modest wear collection” for Muslim in Asian markets**

Uniqlo, Japan's largest fast fashion brand, has recently rolled out a new “modest wear collection” targeting Muslim markets. The new collection, jointly developed by Uniqlo and UK designer and blogger Hana Tajima, aims to meet the needs of women who value comfortable and relaxed wear. It is currently available at Uniqlo's Somerset branch in Singapore and online at [www.uniqlo.com/sg](http://www.uniqlo.com/sg), and is expected to be launched in other Asian markets with large Muslim populations, such as Malaysia and Indonesia.

☞Inside Retail Asia, 3 July, 2015

☞<https://insideretail.asia/2015/07/03/uniqlo-modest-wear-range-targets-muslims/>

## Accessories: eGG to tap Southeast Asian market

eGG, a fast fashion optical retailer under Hong Kong-based watch retail company Stelux Holdings, is set to open over 30 new stores and penetrate into Singapore, Malaysia and Thailand within the next 12 months. The store expansion plan is prompted by eGG's stellar performance in 2014 fiscal year, when it reported a 178.8% sales growth in Mainland China. The optical retailer's store network in China covers Hangzhou, Suzhou, Wuxi in Eastern China, Chongqing, Sichuan in Southwestern China, and Beijing, Tianjin, Shenyang, Dalian in Northern China.

☞ Inside Retail Asia, 13 July, 2015

☞ <https://insideretail.asia/2015/07/13/egg-to-be-launched-in-thailand-malaysia-singapore/>

## Toys: Hamleys to enter Singapore's toy market

Hamleys, the world's oldest toy retailer, will open its first Singaporean store at Plaza Singapura on 24 July, 2015 in partnership with Malaysia-based retailer Global Retail Ventures, which also runs Hamleys' branches in Malaysia. The debut store, covering 12,000 sq ft across two stories, will house over 10,000 items. The London-founded and French-owned toy retailer currently owns 54 stores in 17 countries worldwide, including Vietnam, Philippines and Malaysia, with collections targeting children from toddlers to adults.

☞ Inside Retail Asia, 15 July, 2015

☞ <https://insideretail.asia/2015/07/15/hamleys-singapore-to-debut-this-month/>

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## Japan

### Statistics: Consumer confidence edges up to 41.7 points in June 2015

Japan's consumer confidence slightly added 0.3 point mom to 41.7 points in June 2015, due to the growth in consumer sentiment on overall livelihood (up 0.6 point mom), income growth (up 0.5 point mom), willingness to buy durable goods (up 0.3 point mom) and employment (up 0.1 point mom).

☞ Economic and Social Research Institute, Cabinet Office, Government of Japan, 10 July, 2015

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

### Department stores: Hankyu Hanshin Department Store to open first store in China in 2018

Japan-based Hankyu Hanshin Department Store will open its first store in China in Ningbo city of Zhejiang province in 2018 spring. The department store project is jointly funded by Hankyu Hanshin Department Store and China-based Dushi Real Estate Development Co. Ltd. Its industrial and commercial registration was completed on 14 October 2014. The project has a registered capital of 1.8 billion yuan and a total investment cost of 3 billion yuan. It plans to own and operate a 160,000 sqm shopping centre mainly made up of high-end department store items in Ningbo Zhongxin (Ningbo Centre). The project is reportedly the first overseas investment project of Hankyu Hanshin Department Store.

☞ Linkshop.com.cn, 30 June 2015

☞ <http://www.linkshop.com.cn/web/archives/2015/328450.shtml> (in Chinese only)

## **E-commerce: Tencent to roll out WeChat payment in Japan**

Tencent, China's leading social network and online entertainment firm, recently announced its plan of launching the WeChat Payment service on smartphones in Japan by the end of July 2015. The service is set up for users of WeChat, Tencent's social networking apps. Upon the launch, WeChat users can use their WeChat Wallet from their Wechat account to settle transactions in Japan. The move aims to make overseas payments easier for Chinese tourists. Tencent also plans to expand the WeChat payment service to 10,000 stores in Japan. The trial run is expected to be launched in selected shops in Okinawa and Shinjuku, Tokyo.

☞Ebrun, 13 July, 2015 (in Chinese only)

☞<http://www.ebrun.com/20150713/140449.shtml>

## **E-commerce: Rakuten buys Fits.me**

Rakuten, Japan's largest online retailer, announced on 13 July, 2015 that it has acquired a 100% stake in Fits.me, a London-based virtual fitting technology firm. Rakuten expects the virtual fitting startup to further bolster its e-commerce offerings and marketing solutions and create greater personalization of the retail experience for shoppers. Fits.me will operate as a standalone business in Rakuten and continue to support and drive current and new customers.

☞Fits.me, 13 July, 2015

☞<http://fits.me/rakuten-acquires-fits-me/>

## **Beauty and personal care: Rapas to make retail debut in Ginza**

Rapas, a Japanese mail order retailer of healthcare and cosmetics products, is set to open its first offline retail store in Ginza, Tokyo on 14 July, 2015. The debut store will feature the entire collection of Rapas's health food and beauty products. The retailer centers its business on domestic mail-order service for Chinese customers. One of its health products targeting women in their 30s to 40s, Super Reperfe Lala Slim, has been appealed to a wide range of age groups, especially among Chinese consumers. Rapas currently generates 70% of its total sales from China.

☞Retail in Asia, 8 July, 2015

☞Inside Retail Asia, 7 July, 2015

☞<https://insideretail.asia/2015/07/07/rapas-mailorder-business-makes-retail-debut/>

## **Apparel: Asics goes solo in India**

Asics, Japan's sportswear retailer, has opened its first standalone store in New Delhi, India. The retailer plans to penetrate into 8-10 cities in India in the coming months. The new store, located at Select City Walk at South Delhi, will house Asics's entire collections of athletic footwear and apparel. Asics first entered India via distribution partnership with Indian grocery retailer Reliance Retail in 2009. It decided to go solo after its partnership with Reliance Retail expired in March 2015.

☞The Hindu Business Line, 8 July, 2015

☞<http://www.thehindubusinessline.com/todays-paper/tp-news/sports-shoes-brand-asics-opens-mono-brand-store/article7400623.ece>

☞Live Mint, 8 July, 2015

☞ <http://www.livemint.com/Companies/pdXIFD7UzKenKA7iFOwQsM/Sportswear-brand-ASICS-goes-solo-not-to-renew-Reliance-Reta.html>

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## South Korea

### Statistics: CPI adds 0.7% yoy in June 2015

South Korea's consumer price index edged up 0.7% yoy in June 2015, due mainly to the significant growth in alcoholic beverages and tobacco (50.1% yoy). By category, furnishings, household equipment & routine maintenance, food & non-alcoholic beverages, restaurants & hotels, miscellaneous goods & services, education, health, and clothing & footwear increased between 3% yoy and 0.8% yoy. By contrast, communication, recreation & culture, housing, water, electricity, gas & other fuels and transport fell between 0.2% yoy and 7.7% yoy in June 2015.

☞ Statistics Korea, 1 July, 2015

☞ <http://kostat.go.kr/portal/english/news/1/18/2/index.board?bmode=read&bSeq=&aSeq=346950&pageNo=1&rowNum=10&navCount=10&currPg=&sTarget=title&sTxt=>

### Statistics: Sales of department stores and discount stores hard hit by MERS

The Middle East Respiratory Syndrome (MERS) has continued to take a toll on South Korea's retail sales since its outbreak in late May 2015. Sales of the top three chain department store operators in the country, namely, Hyundai Department Store, Lotte Shopping and Shinsegae plummeted to a five-month low at 10.7% yoy, while sales of discount stores also tumbled 9.7% yoy in June 2015.

☞ Inside Retail Asia, 8 July, 2015

☞ <https://insideretail.asia/2015/07/08/mers-drives-korea-retail-sales-plunge/>

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## Taiwan

### Statistics: CPI slides 0.56% yoy in June 2015

Taiwan's consumer price index fell 0.56% yoy in June 2015, due mainly to a drop in prices of fuels and lubricants by 23.19% yoy. By category, prices of garments, fruits and water, electricity & gas dropped between 2.2% yoy and 9.39% yoy. By contrast, prices of vegetables and food away from home increased 10.75% and 1.67% yoy respectively in July 2015.

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

☞ <http://eng.stat.gov.tw/ct.asp?xItem=37822&ctNode=2410&mp=5>

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## Thailand

### Statistics: Consumer confidence tumbles to 13-month low in June 2015

Thailand's consumer confidence slumped to a 13-month low at 74.4 points in June 2015 as a result of dim economic prospects, weak exports, low farm prices and

severe drought. By category, confidence in overall economy slid to 63.8 points from 65 in May 2015, while sentiment on job market and prospective income level also dropped to 69.4 points and 90 points from 70.3 points and 91.4 points respectively.

☞ Bangkok Post, 3 July, 2015

☞ <http://www.bangkokpost.com/business/news/611652/consumer-woes-cut-deeper-in-june>

### **Retail in general: Thai Customs lifts import tax threshold**

Thailand's Customs Department has raised the import tax threshold for Thai travellers from 10,000 baht per person to 20,000 baht (US\$590) per person. The new threshold applies to souvenirs, gifts or brand-name goods bought overseas. Travellers who do not declare goods exceeding the new limit will have their purchases confiscated and liable to fines of up to four times the value of the undeclared items and the duty.

☞ Inside Retail Asia, 15 July, 2015

☞ <https://insideretail.asia/2015/07/15/thailand-import-tax-threshold-raised/>

### **Shopping malls: Siam Piwat sets sights on tourists**

Siam Piwat, the operator of Thailand's leading shopping malls Siam Center and Siam Paragon, is looking to boost its sales by attracting more foreign tourists to its shopping mall. The retailer has forged a strategic partnership with GlobePass, an alliance network of financial institutions in the Asia-Pacific region with 33 million members worldwide. It also plans to allocate 720 million baht to stimulate a shopping spree at Siam Center and Siam in 2H15 and of which 60 million baht will be used for promotional events to draw foreign visitors.

☞ Bangkok Post, 3 July, 2015

☞ <http://www.bangkokpost.com/business/news/611612/siam-piwat-eyes-tourists>

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## **Malaysia**

### **E-commerce: Malaysian online market is forecast to reach 88 billion ringgit in 2016**

According to Malaysian Communications and Multimedia Minister Datuk Seri Ahmad Shabery Cheek, Malaysia's e-commerce market is forecast to rise to 72 billion ringgit (US\$19.1 billion) by the end of 2015 from 53 billion ringgit in 2014, and is projected to hit 88 billion ringgit by 2016. To accommodate the rising popularity of e-commerce in Malaysia, the government will take several initiatives to improve the environment for e-commerce development, such as optimizing broadband connectivity, gaining consumers' trust in the system and addressing logistics issue.

☞ Retail in Asia, 2 July, 2015

☞ The Malaysian Insider, 29 June, 2015

☞ <http://www.themalaysianinsider.com/malaysia/article/e-commerce-potential-still-low-despite-rapid-growth-says-minister>

## **Home products: Asley Furniture HomeStore makes debut in Malaysia**

Asley Furniture HomeStore, a leading furniture retailer based in the U.S., has opened its first store at Citta mall in Petaling Jaya, Malaysia. The retailer has appointed Malaysia's home furnishing services provider Hauslife Furniture Sdn Bhd as its licensee and operator. The debut store is Ashley Furniture's first store outside the U.S. It covers 800sqm and offers one-stop furniture-sourcing services.

☞The Malaysian Insider, 7 July, 2015

☞<http://www.themalaysianinsider.com/citynews/city/article/ashley-furniture-homestore-opens-first-outlet-in-malaysia>

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## **Singapore**

### **E-commerce: SingPost, Alibaba to strengthen e-commerce logistics cooperation**

Singapore Post, Singapore's state-owned post office and China's e-commerce giant Alibaba announced on 8 July 2015 to step up their logistics collaboration to establish a leading e-commerce logistics platform to serve e-commerce businesses in Asia Pacific. Under the tie-up, Alibaba will invest up to USD67.85 million for a 34% stake in Quantum Solutions International (QSI), an e-commerce logistics services provider wholly-owned by SingPost, while SingPost will hold the remaining 66% stake in QSI. Upon the acquisition, QSI will restructure its business and become a joint venture under SingPost and Alibaba. QSI, with its network spanning over 10 countries, offers customers' e-commerce logistics solutions and warehousing services across Asia Pacific.

☞Retail in Asia, 9 July, 2015

### **Beauty and personal care: Louis Vuitton buys online cosmetics retailer Luxola**

Louis Vuitton, the subsidiary of Paris-based luxury giant LVMH, has reportedly acquired Singapore's online cosmetics retailer Luxola. Few details of the deal have been disclosed. Luxola, established in 2011, offers a great variety of beauty products and accessories under 250 brands in 11 markets. Meanwhile, LVMH's cosmetics retail arm Sephora has also made a further investment in Luxola. Sephora believes that the investment in Luxola will help the brand expand into the growing online beauty market and expedite its growth in Asia.

☞Inside Retail Asia, 9 July, 2015

☞<https://insideretail.asia/2015/07/09/louis-vuitton-snaps-up-singapore-start-up/>

### **Home products: Naiise taps offline retail market**

Naiise, Singapore's online retailer of home products, has opened three physical stores in Singapore to expand into the offline retail market. The three new stores, located at West Mall, Wheelock Place and Central Clarke Quay respectively, focus on Singapore-designed home products. Albeit the offline retail expansion, the

online retailer will continue to sell products online and operates pop-up promotional stores.

☞ Inside Retail Asia, 14 July, 2015

☞ <https://insideretail.asia/2015/07/14/naiise-arises-from-ashes-of-god/>

☞ Nookmag, 3 July, 2015

☞ <http://www.nookmag.com/naiise-scales-new-heights-with-third-retail-store/>

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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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