

Asia (ex-China) Retail & E-commerce

Biweekly Updates

1 December – 15 December 2016



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Asia at a Glance



E-commerce: Southeast Asia leads in social commerce

Southeast Asia is an emerging leader in social commerce. According to a recent research by Bain & Co, social commerce takes up a third of all online shopping transactions in the Southeast Asian region, with Facebook and Instagram being the most sought-after shopping platform. Having around 175 million social media users, Southeast Asia has already overtaken the U.S. when it comes to the number of people on social media. The booming social commerce in Southeast Asia is mainly driven by accelerated smartphone penetration in the region and the relatively large amount of time Southeast Asian users spend online – up to five hours a day, among the highest worldwide¹.

Japan



Statistics: Consumer confidence index down 1.4 points mom to 40.9 in November 2016

Japan's consumer confidence index fell 1.4 points mom to 40.9 in November 2016. The decline was due mainly to a drop in confidence of all sub-indices in November 2016, including employment (down 2.3 points mom), willingness to buy durable goods (down 1.4 points mom), overall livelihood (down 1.3 points mom) and income growth (down 0.6 points mom)².

E-commerce logistics: DHL to open new logistics hub at Tokyo's Narita Airport for cross-border e-commerce

DHL, a multinational logistics company, will open a new logistics hub at Tokyo's Narita Airport to provide cross-border e-commerce logistics services. The construction of project is scheduled to be completed in April 2017. DHL hopes that the new logistics hub will give Japanese online retailers more options when it comes to serving consumers in the European and markets. Currently DHL operates nine logistics hubs across Asia, including Singapore, Bangkok, Hong Kong, Shenzhen, Shanghai, Sydney, Dali and Japan³.

Apparel: Dover Street Market to enter Singapore in 2017

Japan's fashion brand Dover Street Market will open its debut store in Singapore at Tanglin Village in early 2017, marking the brand's fourth international stores. The new store in Singapore will house clothing, footwear and accessories collections of the brand. Dover Street Market currently operates stores in Tokyo, London and New York⁴.

Apparel: Evisu buys back China distribution rights

Evisu, Japan's premium denim brand, has bought back its retail and franchising rights for the China market from New Elegant Trading (Shanghai). The buy-back, which costs about US\$40 million, was funded in partnership with Hong Kong-based private equity fund Cassia Investment. Following the buyback, Evisu chairman and CEO David Pun will remain the majority shareholder of Evisu. Founded in

1991, Evisu currently operates an online platform Evisu.com and over 150 points of sales worldwide⁵.

Beauty and personal care: Shiseido establishes new unit to invest in promising start-ups

Japan's cosmetics giant Shiseido has set up a new division – Shiseido Venture Partners focusing on innovative business initiatives. The new unit aims to invest in up-and-coming new brands and support them with Shiseido's know how, as a way for the group to foster creativity and research in the cosmetics industry. The new unit has already used part of its 3 billion yen (24.6 billion) capital to invest in Japanese e-health company Dricos.⁶

Home products: Nitori Holdings plans China expansion

Japan's furniture and home product retailer Nitori Holdings will increase its presence in China as a way to kick-start its global expansion, which aims at 2,000 stores overseas and 1,000 stores home by 2032. The retailer plans to increase its store number in China from the current 10 to 18 by 2018. China is the primary focus of Nitori's international expansion strategy; it targets to open 1,000 to 1,500 outlets in the country. The company will first focus on Shanghai and Wuhan to quickly boost its brand profile and build up its dominance. Currently, Nitori boasts 420 stores in Japan and 41 stores overseas, including 26 stores in Taiwan and five in the U.S.⁷

South Korea

Statistics: CPI up 1.3% yoy in November 2016

South Korea's consumer price index rose 1.3% yoy in November 2016. By category, prices of food & non-alcoholic beverages and restaurant & hotels moved up by 4.5% yoy and 2.1% yoy respectively in November 2016, followed by education (up 1.5% yoy), recreation & culture (up 1.2% yoy), healthcare (up 1.1% yoy), miscellaneous goods & services (up 0.8% yoy), alcoholic beverages & tobacco (up 0.7% yoy), clothing & footwear (up 0.6% yoy), furnishing, household equipment & routine maintenance (up 0.5% yoy), housing, water, electricity & other fuels (up 0.1% yoy) and communication (up 0.1% yoy). By contrast, prices of transport fell 0.2% yoy in November 2016⁸.

Department stores: Hyundai Department Store to acquire SK Networks' fashion brands

South Korea's major department store operator Hyundai Department Store has agreed to acquire the fashion operations of South Korea's conglomerate SK Networks for 326.1 billion won (US\$284 million), aiming to create a giant fashion business. Under the deal, Hyundai Department Store will merge 12 fashion brands acquired from SK Networks to its fashion unit Handsome. The merge will make Handsome the fourth largest fashion company in South Korea just after E-Land, Samsung C&T and LF Corp⁹.

E-commerce: South Korea's online sales hit new high in October 2016

South Korea's total online transaction reached a record 5.6 trillion won (US\$4.8 billion) in October 2016, up 17.3% yoy from 4.8 trillion in October 2015, according to Statistics Korea. Online purchases made through smartphones, tablets and other mobile gadgets also jumped 37.4% yoy to a record 3.2 trillion in October 2016, representing 56.1% of all online sales in the month, an increase from 54.7% in October 2015. The surge in online purchases in October 2016 was mainly attributed to the Korea Sale Festa, a nationwide discount event designed to pair up the retail industry with the tourism and cultural sectors amid major Chinese holiday season, aiming to encourage people to go shopping online and offline¹⁰.

Apparel: Blanc & Eclare to enter New York

South Korean fashion brand Blanc & Eclare will make debut in New York, marking its first store in North America. The debut store will showcase ready-to-wear and skincare collections of the brands. For ready-to-wear items, prices ranging from US\$145 for a turtleneck sweater to US\$505 for a double-breasted blazer, while cosmetics start at US\$16 for a lip balm, US\$22 for a face mask and US\$60 for a night cream. Founded by South Korean pop superstar Jessica Jung, Blanc & Eclare has opened 40 stores around Asia, including China, Macau, Singapore and Thailand¹¹.

Apparel: The Twee to open first Southeast Asian store in Kuala Lumpur

South Korean fashion retailer The Twee will open its first flagship store in Southeast Asia in Kuala Lumpur's KL Gateway Mall in January 2017. The flagship store, with a floor area of about 11,000 sqft, will be the largest store in Southeast Asia. Founded in 2009, The Twee has opened 28 stores as well as kiosks in major department stores across South Korea and Shanghai, targeting female customers aged between 19 and 25¹².



Statistics: CPI up 1.97% yoy in November 2016

Taiwan's consumer price index moved up by 1.97% yoy in November 2016. By category, prices of food and miscellaneous items advanced 6.42% yoy and 1.52% yoy respectively in November 2016, followed by healthcare (up 0.96% yoy), transportation & communication (up 0.5% yoy), clothing (up 0.43% yoy) and education & entertainment (up 0.16% yoy). By contrast, prices of housing fell 0.37% yoy in November 2016¹³.

Thailand

Statistics: CPI up 0.6% yoy in November 2016

Thailand's consumer price index grew 0.6% yoy in November 2016. By category, prices of tobacco & alcoholic beverages rose 12.9% yoy in November 2016, followed by food & non-alcoholic beverages (up 1.5% yoy), medical & personal care (up 0.6% yoy), transportation & communication (up 0.5% yoy), recreation & education (up 0.5% yoy), raw food & energy (up 0.3% yoy), apparel & footwear (up 0.2% yoy) and non-food & beverages (up 0.1% yoy). By contrast, prices of housing & furnishing declined by 1.2% yoy in November 2016¹⁴.

Hypermarkets: Dutch retailer Spar to open 300 stores in Thailand

Spar, a Dutch Hypermarket operator has formed a partnership with Thailand's Bangchak Retail Company (BCR) to open 300 Spar stores in Thailand by 2020. The new store openings are expected to cost US\$78.9 million, with BCR to open seven new stores in 2016, and 50-80 new stores each year from 2017. The expansion of Spar into Thailand in collaboration with BCR marks a significant step forward in Spar's ongoing expansion in Asian markets¹⁵.

E-commerce: Thai government ties up with Alibaba on e-commerce initiatives

The Thai government and China's e-

commerce giant Alibaba have recently signed a letter of intent for co-operation on e-commerce initiatives. Initiatives covered by the agreement include training for Thai SMEs and individuals, and exploring ways to enhance logistics capabilities to support digital economy strategies as well as the government's new Thailand 4.0 economic model, aimed at steering Thailand toward a value-based economy. The Thai government hopes that the partnership with Alibaba will help lift the export capabilities of Thai businesses as well as strengthen the competitiveness of Thai SMEs and help them succeed in an increasingly digital era¹⁶.

Malaysia

Convenience stores: FamilyMart to open up to 1,000 franchised stores in Malaysia by 2020

Japan's major convenience store chain FamilyMart aims to open up to 1,000 stores in Malaysia by 2020 and to spend up to 20 million ringgit (US\$4.5 million) annually for store expansion. Unlike its Japanese stores, the retailer uses a franchise business model in Malaysia in partnership with local agro-food company QL Resources, which plans to have four new FamilyMart stores in Malaysia by the end of 2016. To stand out from its competitors, the Malaysian stores will offer courier services and bill-payment services, along with nearly 2,000 items, including ready-to-eat food, healthcare, beauty and personal-care products¹⁷.

Apparel and footwear: Bonia to close more unprofitable stores; spend more on advertising and promotion

Bonia, a Malaysian fashion retailer known for its leather goods and footwear, will shutter more of its underperforming stores and increase its advertising and promotional spending in 2017. The retailer attributes its profit decline to the slowing economy in Malaysia and Singapore. In 2016, Bonia already shut down 10 outlets worldwide. It currently operates the Bonia, Carlo Rimo and Sembonia brands and has a presence in Cambodia, Indonesia, Malaysia, Myanmar, Singapore and Vietnam¹⁸.

Apparel: Britain sportswear brand JD Sports opens first Malaysia flagship in Kuala Lumpur

Britain sportswear brand JD Sports has opened its first flagship store in Malaysia at Pavilion shopping centre in Kuala Lumpur. Covering a floor area of 13,590 sqft, the flagship store is also the largest store of JD Sports in Southeast Asia. The new store stocks an extensive range of sneakers from various brands, ranging from Nike, Adidas and Reebok to JD Sports' in-house brands such as Pink Soda, Supply and Demand and Sonnetti. JD Sports will continue its store expansion in Malaysia¹⁹.

Singapore

Apparel and footwear: Charles & Keith to close all stores in Japan

Charles & Keith, Singapore's fast fashion brand specializing in women's footwear and accessories will shut down all its Japanese stores by the end of 2016. It will focus on the development of its e-commerce site in Japan in 2017. The retailer has already closed 13 out of its 14 stores in Japan, except the brand's flagship store in Harajuku, which will close by the end of December 2016. The online website of Charles & Keith will undergo an overhaul in spring 2017²⁰.

Endnotes

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Fung Business Intelligence

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