


# Asia (ex-China) Retail & E-commerce

## Biweekly Updates

1 January – 15 January 2017



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Asia Distribution & Retail

### Japan *p2*

- Statistics: Consumer confidence index up 2.2 points mom in December 2016
- E-commerce: Aeon launches online store in Vietnam
- Duty-free shops: Kansai Airports to open duty-free shop in Osaka
- Home products: Muji to launch upscale clothing line Muji Labo in Greater China in January 2017
- Apparel: Fast Retailing posts revenue and profit growth in 1 Sep – 20 Nov 2016
- Apparel: Uniqlo offers click-and-collect service in China
- Beauty and personal care: Shu Uemura quits the Philippines market

### South Korea *p3*

- Statistics: CPI up 1.3% yoy in December 2016
- Convenience stores: CU sets up new parcel service delivery unit BGF Post
- Duty-free shops: Lotte Duty Free officially relaunches at Gimhae airport
- O2O: Food delivery apps gain popularity in South Korea
- Beauty and personal care: AmorePacific to slash cosmetics prices in China
- Personal electronics: Apple to open first retail store in South Korea

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### Taiwan *p4*

- Statistics: CPI up 1.7% yoy in December 2016

### Thailand *p5*

- Statistics: CPI up 1.1% yoy in December 2016

### Malaysia *p5*

- Retail in general: Public Bank launches PB UnionPay Lifestyle Debit Card
- Luxury: Poh Kong Holdings to spend US\$5.6 million for five more stores

### Singapore *p5*

- Statistics: Retail sales up 1.1% yoy in November 2016

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# Japan

## Statistics: Consumer confidence index up 2.2 points mom in December 2016

Japan's consumer confidence index advanced 2.2 points mom to 43.1 in December 2016. The growth was due chiefly to a rise in consumer confidence regarding employment (up 3.2 points mom), willingness to buy durable goods (up 2.3 points mom), overall livelihood (up 1.9 points mom) and income growth (up 1.5 points mom) in December 2016<sup>1</sup>.

## E-commerce: Aeon launches online store in Vietnam

Japan's retail giant Aeon has launched an online store AeonEshop.com in Vietnam selling discounted Japanese products, including Aeon's private label Topvalu, as well as other local brands. The online store offers a variety of product categories, including fashion, cosmetics, furniture, electronics, household items, food and office stationery. Following Japan and Malaysia, Vietnam is the third market where Aeon has established online retail presence<sup>2</sup>.

## Duty-free shops: Kansai Airports to open duty-free shop in Osaka

Kansai Airports, the operating company of Osaka's Kansai International Airport in Izumisano and Itami airport, will open a duty-free shop in central Osaka as a way to boost the spending by foreign tourists, which

witnessed a decline in 3Q16. The company plans to open the duty-free shop in Namba during spring 2017, with the first-year sales target set at 13 billion yen (US\$114 million)<sup>3</sup>.

## Home products: Muji to launch upscale clothing line Muji Labo in Greater China in January 2017

Muji, Japan's home product chain retailer, will roll out its high-end clothing line Muji Labo at Muji's flagship stores in Hong Kong, Taipei, Shanghai, Beijing and Chengdu by the end of January 2017. Jointly developed by Muji and Japan's fashion retailer Anglobal in 2012, Muji Labo is a gender-neutral clothing line offering ready-to-wear and footwear items. Featuring simple and eco-friendly lifestyle, products of Muji Labo are primarily made from 100% organic cotton and recycled plastic<sup>4</sup>.

## Apparel: Fast Retailing posts revenue and profit growth in 1 Sep – 30 Nov 2016

Fast Retailing, the parent company of Japan's fast fashion brand Uniqlo and GU, registered growth in both consolidated revenue and profit in the three months ended 30 November, 2016 (1 Sep – 30 Nov 2016). The company's consolidated revenue advanced 1.6% yoy to 528.8 billion yen (US\$4.6 billion), while profit surged 16.7% yoy to 88.5 billion yen. Breaking down the quarterly performance into three individual business segments, Uniqlo Japan gained in both revenue and profit, Uniqlo international saw a decline in revenue but a growth in profit, and Global Brands, which includes GU, Theory, Comptoir des Cotonniers, increased in revenue but diminished in profit. With its medium-term goal to become the world's largest apparel digital retailer, Fast Retailing will open more Uniqlo's

global flagship stores and large-format stores in major cities worldwide, as well as ramp up GU retail store network within Japan and across overseas markets<sup>5</sup>.

### Apparel: Uniqlo offers click-and-collect service in China

Japan's largest fast fashion brand Uniqlo has rolled out click-and-collect service in China, enabling Chinese online customers to pick up their purchases at its stores. The new service will help boost the brand in-store traffic in the country. Initially, customers can collect their online purchases at any of some 400 of Uniqlo's 500 stores in China; they can also choose to have their order delivered home. Apart from China, Uniqlo currently also offers click-and-collect services in the U.K. and the U.S.<sup>6</sup>.

### Beauty and personal care: Shu Uemura quits the Philippines market

Shu Uemura, a Japanese make-up brand under French beauty giant L'Oreal, is set to exit the Philippines market. All of Shu Uemura's Philippines branches and counters will be shut by the end of April 2017. L'Oreal Philippines believes that the shutter of the make-up line in the Philippines will be beneficial in the long term<sup>7</sup>.

## South Korea

### Statistics: CPI up 1.3% yoy in December 2016

South Korea's consumer price index increased by 1.3% yoy in December 2016. The growth was due mainly to an increase in prices of most of the major components in December 2016, including food & non-alcoholic beverages (up 4.1% yoy), miscellaneous goods & services (up 2.8% yoy), restaurant (up 2.2% yoy), education (up 1.6% yoy), recreation & culture (up 1.4% yoy), clothing & footwear (up 1.2% yoy), healthcare (up 1.1% yoy), transport (1% yoy) and furnishings, household equipment & routine maintenance (up 0.8% yoy). By contrast, prices of housing, water, electricity, gas and other fuels moved down by 1.3% yoy in December 2016<sup>8</sup>.

### Convenience stores: CU sets up new parcel service delivery unit BGF Post

CU, a South Korean convenience store chain owned by local major convenience retailer BGF Retail, has set up a new unit BGF Post, specializing in parcel delivery service for convenience stores. The company aims to differentiate its parcel service from other convenience store operators through the launch of BGF Post. Considering the increasing number of convenience store parcel delivery users, CU will also make use of BGF Post to explore new business opportunities. Currently, CU operates over 8,000 convenience stores in South Korea<sup>9</sup>.

## Duty-free shops: Lotte Duty Free officially relaunches at Gimhae airport

Lotte Duty Free, South Korea's largest duty-free shop operator, has officially relaunched at Gimhae airport after winning the Korea Airports Corporation's duty-free tender. Lotte now boasts a retail space of 980.44 sqm, an increase of 329.2 sqm over its area in 2016. Its cosmetics area has also been enlarged by 40% with the introduction of Giorgio Armani, Jo Malone and Tumi. The retailer targets sales of 120 billion won (US\$99.2 million) at Gimhae airport in 2017, with daily sales of 200 million won<sup>10</sup>.

## O2O: Food delivery apps gain popularity in South Korea

Food delivery apps have been growing in prevalence in South Korea over the past few years. Woowa Brothers Corp, which operates South Korea's leading food delivery app Baedal Minjok, stated that the monthly number of food delivery orders topped 10 million for the first time in December 2016, hitting 10.7 million, an increase from 5.2 million in December 2014 and 7.12 million in 2015. Woowa Brothers also noted that the average number of orders per customer has been increasing steadily, from 3.2 orders per month in 2014 to 3.6 orders in 2015. Industry analysts expect that food delivery market will continue to expand in South Korea, taking into account new types of food delivery apps with differentiated services tapping the market<sup>11</sup>.

## Beauty and personal care: AmorePacific to slash cosmetics prices in China

AmorePacific, South Korea's largest cosmetics company, will lower its cosmetics

prices in China for 327 lines under the brands of Etude House, Innifree, Laneige and Sulwhasoo by 3% to 30% starting 15 January, 2017. The move comes after the Chinese government's initiatives last year to cut its hefty tariffs on imported cosmetics in a bid to boost domestic consumption<sup>12</sup>. Besides AmorePacific, international beauty giants Estee Lauder and Dior have also reduced their prices in China by 5% to up to 18% from January 2017<sup>13</sup>.

## Personal electronics: Apple to open first retail store in South Korea

Consumer electronics giant Apple will open its first retail store in South Korea in a southern district of Seoul. The construction of the debut store is slated to be completed in November 2017. Currently, Apple distributes its products in South Korea via third-party resellers and Apple's online store<sup>14</sup>.



## Statistics: CPI up 1.7% yoy in December 2016

Taiwan's consumer price index advanced 1.7% yoy in December 2016, due chiefly to a growth in most of the major components, including food (up 4.47% yoy), transportation & communication (2.57%), miscellaneous (up 1.26% yoy), healthcare (up 0.78% yoy), clothing (up 0.73% yoy) and education & entertainment (up 0.27% yoy). However, prices of housing fell 0.38% yoy in December 2016<sup>15</sup>.

## Thailand

### Statistics: CPI up 1.1% yoy in December 2016

Thailand's consumer price index moved up by 1.1% yoy in December 2016, due mainly to the growth in prices of most of the major components, including tobacco & alcoholic beverages (up 13% yoy), transportation & communication (up 3% yoy), raw food & energy (up 2.2% yoy) and food & non-alcoholic beverages (up 1.4% yoy). By contrast, prices of housing & furnishing moved down by 1.2% yoy in December 2016<sup>16</sup>.

Centre in Kuala Lumpur and Kuching to speed up the submission and processing of visa applications, along with discounts of up to 10% at duty-free shops in 100 participating international airports<sup>17</sup>.

### Luxury: Poh Kong Holdings to spend US\$5.6 million for five more stores

Malaysia's largest jewellery retailer Poh Kong Holdings plans to invest up to 25 million ringgit (US\$5.6 million) to add five more new store in Malaysia in 2017. Each outlet costs up to 5 million ringgit, including inventories, with two of the outlets located in Johor. The company currently operates 97 stores in Malaysia, making up 16-20% share of Malaysia's gold jewellery market, which is valued at about 5 billion ringgit<sup>18</sup>.

## Malaysia

### Retail in general: Public Bank launches PB UnionPay Lifestyle Debit Card

Malaysia's third-largest bank Public Bank (PB) has entered into a partnership with China's largest bank card service provider Union Pay International to launch the PB UnionPay Lifestyle Debit Card in December 2016, targeting frequent travelers in Asia. PB is the first Malaysian bank to launch UnionPay Card; the partnership also marks the expanding business alliance between Malaysia and China. The PB UnionPay Lifestyle Debit Card users will be entitled to a slew of perks and benefits, including access to the Priority Lane at the Chinese Visa Application Service

## Singapore

### Statistics: Retail sales up 1.1% yoy in November 2016

Singapore's retail sales advanced 1.1% yoy in November 2016, mainly driven by a growth in retail sales of motor vehicles (up 17% yoy), followed by medical goods & toiletries (up 4.4% yoy), recreational goods (up 1.3% yoy) and optical goods & books (up 0.3% yoy). By contrast, retail sales of computer & telecommunications equipment, watches & jewellery, and wearing apparel & footwear dropped 13.5% yoy, 6% yoy and 4.4% yoy respectively in November 2016, followed by furniture & household equipment (up 3.9% yoy), supermarket (up 2% yoy), food &

beverages (up 1.8% yoy), department stores (up 1.5% yoy) and mini-marts & convenience stores (up 1.4% yoy)<sup>19</sup>.

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