

Asia (ex-China) Retail & E-commerce

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Teresa Lam

Vice President

E: teresalam@fung1937.com

T: (852)2300 2466

Tracy Chan

Senior Research Analyst

E: tracychansy@fung1937.com

T: (852)2300 2480

Fung Business Intelligence

10/F LiFung Tower

888 Cheung Sha Wan Road

Kowloon, Hong Kong

T: (852) 2300 2470

F: (852) 2635 1598

E: fbicgroup@fung1937.com

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Asia at a Glance



Home products: Muji to open first Southeast Asian flagship store in Singapore

Japan's lifestyle retailer Muji will open its first Southeast Asian flagship store in Singapore on 21 July 2017. The new outlet, located at Plaza Singapura, will cover a floor area of 1,896 sqm and house Open Muji, a space for educational activities such as exhibitions, talks and workshops, as well as new merchandise lines like Found Muji, IDEE and Muji Labo. It will also comprise a 70-seater Café and Meal Muji, serving Japanese and Western styles sets of healthy meals¹.

Japan



Statistics: Retail sales up 2% yoy in May 2017

Japan's retail sales grew 2% yoy in May 2017. The growth was driven by a rise in retail sales of fuel (up 8.7% yoy), motor vehicles (up 7% yoy), medicines & toiletry stores (up 6.3% yoy) and fabrics apparel & accessories (up 2.5% yoy) in May 2017. However, retail sales of general merchandise decreased by 1.6% yoy in May 2017².

Statistics: Consumer confidence index down 0.3 point mom in June 2017

Japan's consumer confidence index slid 0.3 point mom to 43.3 in June 2017. By category, consumer confidence related to overall livelihood and income growth fell 1.1 points mom and 0.4 point mom in June 2017, while the confidence concerning willingness to buy durable goods remained unchanged. Nevertheless, consumer confidence as to employment added 0.3 point mom in June 2017³.

Convenience stores: Lawson to trial self-checkout service in its China branches

Japanese convenience store chain Lawson announced that it will trial self-checkout service in its China branches. Customers will be able to complete the checkout process with the Mars Rabbit mobile app, a Chinese application developed to facilitate the payment process in physical retail stores. The self-checkout process will serve any single purchase of a maximum of five pieces of goods at a time. In July, Lawson will first launch the new service in two of its Shanghai branches located in Hong Kong Plaza and Mixc shopping malls respectively⁴.

E-commerce: Rakuten unifies global branding

Japan's e-commerce giant Rakuten has rebranded its global corporate logos, reducing the amount of Japanese characters for its non-financial services and giving the brand a bolder look. Celebrating its 20th anniversary in July 2017, the company rolled out its new logos on 1 July 2017. The new logos help better represent Rakuten's core strategy of building an ecosystem of diverse services that

provide users with unique benefits⁵.

Retail logistics: Yamato and JD.com enter strategic partnership for cold chain logistics

Yamato Transport Co., Ltd., one of the largest logistics companies in Japan, has entered into a strategic partnership with China's major e-tailer JD.com for collaboration in fresh produce cold chain logistics, cross-border logistics, global trade management and logistics technology R&D. Founded in 1919, Yamato first entered the China market in 2010. It currently focuses on providing professional third-party logistics services such as truck transportation, container consolidation, and air-conditioned warehousing⁶.

Home products: Japan's first Muji hotel to open in Tokyo's Ginza in 2019

Ryohin Keikaku Co., the holding company of Muji, will open the first Muji Hotel in Japan in Tokyo's Ginza district in spring 2019. Located in a commercial complex building which spans 10 floors above ground and three below, the new hotel will occupy part of the sixth floor and above. A Muji flagship store will also be housed in the first basement level to the fifth floor and part of the sixth floor, covering a total floor space of 3,300 sqm⁷.

Luxury: Mulberry forms new joint venture company in Japan

British luxury fashion house Mulberry has set up a new joint venture company in Japan in partnership with Onward Global Fashion (OGF), Mulberry's current licensing partner in Japan. The new company, named Mulberry

Japan Co. Limited, will be equally held by Mulberry and OGF and oversee the development of Mulberry's retail, digital, omni-channel and wholesale business in Japan. It will also manage all retail, digital fulfillment and wholesale distribution of Mulberry products in Japan⁸.

Beauty and personal care: Kao to set up two beauty counseling companies

Kao Group, Japan's major personal care and cosmetics player, plans to restructure its domestic sales subsidiaries by setting up two new companies focusing on in-store beauty counseling. The reorganization is part of Kao's efforts to improve its collective capabilities, expertise and productivity. The two new companies will start operation from 1 January 2018, specializing in the consumer products business⁹.

South Korea

Statistics: CPI up 1.9% yoy in June 2017

South Korea's consumer price index added 1.9% yoy in June 2017. The growth was mainly led by an increase in prices of food & non-alcoholic beverages (up 4.6% yoy), restaurants & hotels (up 2.3% yoy), miscellaneous goods and services (2.2% yoy), transport (up 2% yoy), furnishings, household equipment & routine maintenance (up 1.7% yoy), housing, water, electricity, gas & other fuel (up 1.7% yoy), alcoholic beverages & tobacco (up 1.7% yoy), healthcare (up 1.2% yoy), education (up 1.2% yoy) and clothing & footwear (up 1.1% yoy) in June 2017. By

contrast, consumer prices of recreation & culture fell 1% yoy in June 2017¹⁰.

Convenience stores: CU's parent company to tap the Middle East CVS market

BGF Retail Co., the holding company of South Korea's largest convenience store chain CU, has inked a franchise pact with an Iranian home appliances firm Entekhab Investment Development Group to jointly operate convenience store business in the Middle East market. The deal marks BGF Retail Co.'s first foray into overseas convenience store sector. Under the agreement, the Iranian partner will oversee the investment and operation of the outlets in the Middle Eastern country¹¹.

Duty-free shops: Shinsegae Duty Free obtains fashion and accessories contract at Incheon Airport T2

Shinsegae, South Korea's major duty-free operator, has made a successful bid for the fashion and accessories contract at Incheon International Airport Terminal 2. The duty-free concession covers 14 stores spanning a retail space of 4,889 sqm. The other Terminal 2 contracts have been awarded to local duty-free operators, including major players The Shilla Duty Free, Lotte Duty Free as well as new comers SM, Entas Duty Free and City Plus¹².

E-commerce: Amazon to speed up expansion in South Korean market

U.S. e-commerce giant Amazon has recently advertised to recruit 49 full-time positions and internships in Seoul, with many of the jobs

focusing on global selling, marketing, and business development. The company currently focuses on cloud computing service rather than online retail in South Korea. The recruitment for more staff in global selling and marketing signals that Amazon is set to ramp up its retail e-commerce footprint in South Korea¹³.

Apparel and footwear: China's fashion group Huimei forms strategic partnership with South Korean sports brand BALLOP

Huimei Group, the parent company of Taobao brand Inman, has formed a strategic partnership with BALLOP, a South Korean specialty sports brand known for its ultra-light sports shoes. The tie-up allows BALLOP to leverage on the online distribution capability of Huimei to tap the China market, while Huimei gets a chance to expand into the sports fashion category to meet the diversified needs of its online customers. The partnership also allows Huimei to capitalize on the product innovation and manufacturing capabilities of BALLOP. BALLOP has already established its presence in 30 countries worldwide¹⁴.



Statistics: CPI up 1% yoy in June 2017

Taiwan's consumer price index grew 1% yoy in June 2017. Prices of six out of the seven major expenditure categories indicated growth in June 2017, including food (up 2.2% yoy), health (up 1.83% yoy), housing (up 0.96% yoy), education & entertainment (up 0.53% yoy), clothing (up 0.32% yoy), miscellaneous

(up 0.08% yoy). However, prices of transportation & communication shrank 0.48% yoy in June 2017¹⁵.

Thailand

Statistics: CPI stays flat yoy in June 2017

Thailand's consumer price index in June 2017 stayed flat from June 2016. By category, prices of apparel & footwear and transportation & communication in June 2017 remained unchanged compared to the same period last year, while prices of recreation & education, housing & furnishing and medical & personal care increased by 0.7% yoy, 0.6% yoy and 0.3% yoy respectively in June 2017. By contrast, prices of raw food & energy and food & non-alcoholic beverages decreased by 1.4% yoy and 0.7% yoy respectively in June 2017¹⁶.

Retail in general: TripAdvisor ties up with Thai retailers to enhance shopping experience for Chinese customers

TripAdvisor, an American travel service website, has paired up with five major retail groups in Thailand, namely the Central Group, King Power, Siam Piwat Group, Terminal 21 and The Mall Group, to optimize the shopping experience for Chinese tourists in Bangkok. The collaboration mainly targets independent travelers from China. Users of TripAdvisor's Chinese domain can receive Bangkok shopping category information, discounts and promotions, brand directories, shopping guides provided by the five local retailers via mobile app or web¹⁷.

Malaysia

Department stores: Parkson closes China stores as sales plunge

Parkson, Malaysia's major department store operator, are shutting down its outlets in China for slumping sales. Its total sales in China dropped 8.3% yoy from 2013 to 14.3 billion (US\$2.1 billion) in 2016. After shuttering five mainland department stores in 2016, the retailer continued to close its Longhu Beijing Changying Street department store and similar outlets in the cities of Hefei and Zhengzhou in May 2017. Parkson now operates 46 department stores across China, down from 60 in 2015¹⁸.

E-commerce: Tencent's WeChat Pay seeks local license to launch local payment service in Malaysia

China's social media giant Tencent has applied for a license in Malaysia to offer local payment services via its online payment platform WeChat. It is the first time for the platform to go beyond China and Hong Kong. If approved, users in Malaysia can link their local bank accounts to WeChat Pay and pay for goods and services in ringgit¹⁹.

E-commerce: Malaysian online grocer Signature Market raises US\$351,075 via crowdfunding

Signature Market, a Malaysia-based online retailer for natural and organic products, has raised 1,507,080 ringgit (US\$315,075) through an equity crowd funding campaign on Malaysian online crowdfunding platform pitchIN. The campaign was held for two weeks and raised funds from 161 investors. Featuring snacks, foods, vitamin supplements and personal care products, Signature Market will use the funds to expand its manufacturing facilities and support its expansion into new markets such as Singapore²⁰.

Beauty and personal care: H&M to launch beauty range in Malaysia

Swedish fast fashion giant H&M is set to launch its beauty range in Malaysia in autumn 2017, the second Asian market to offer the brand's beauty line following the successful debut in Singapore in 2016. More than covering some 700 current items in its make up line, H&M Beauty is enriching its beauty range to give Malaysian consumers up to 1,000 in-store make up, hair and body choices including new limited-edition must-have items²¹.

May 2017. By category, retail sales of petrol service stations surged 11.3% yoy in May 2017, followed by medical goods & toiletries (up 4.5% yoy), department stores (up 2.4% yoy), motor vehicles (up 2% yoy), optical goods & books (up 1.1% yoy), computer & telecommunications equipment (up 0.7% yoy) and watches & jewellery (up 0.3% yoy). By contrast, retail sales of food retailers, apparel & footwear and recreational goods moved down by 5.2% yoy, 4.5% yoy and 3.3% yoy respectively in May 2017, followed by mini-marts & convenience stores (down 1.6% yoy), furniture & household equipment (down 0.8% yoy) and supermarkets (down 0.4% yoy)²².

Apparel and footwear: The Mall Group introduces Singapore's womenswear brand Beyond the Vines to Bangkok

The Mall Group, Thailand's largest shopping mall operator, has introduced Singapore's womenswear brand Beyond the Vines to its luxury department store Emporium in Bangkok. Located on the ground floor of Emporium, the store-in-store for Beyond the Vines has a 650 sqm space, featuring contemporary and fashionable clothing at more affordable prices. Currently, Beyond the Vines has opened two boutiques in Singapore, with one in Mandarin Gallery in Orchard Road and Downtown Gallery in Shenton Way, and another in Tangs at Tang Plaza²³.



Statistics: Retail sales up 0.9% yoy in May 2017

Singapore's retail sales added 0.9% yoy in

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