

Asia (ex-China) Retail & E-commerce

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Asia at a Glance



Discount stores: Japan's discount retail chain Don Quijote to open first Southeast Asian store in Singapore

Japan's discount store chain Don Quijote will open its first store in Southeast Asian region in Singapore. The retailer has already established a Singapore-based subsidiary named Pan Pacific International Holdings, responsible for managing the retailer's overseas business. Don Quijote currently boasts about 347 stores in Japan and three in Hawaii, with annual consolidated sales exceeding 800 billion yen (US\$7.2 billion) in Japan¹.

Beauty and personal care: UK makeup brand 3INA plans Southeast Asian expansion

British cosmetics brand 3INA has tied up with Hong Kong-based distribution firm Bluebell Group to ramp up the brand's presence in Southeast Asia, with plans to set up retail stores in four major Asian markets. In 2017, the brand will first open its premier mono-brand stores in Malaysia and Singapore, and later in Thailand and Indonesia. Primarily focused on color cosmetics, 3INA has established its retail presence in the U.K., Europe and Australia. It plans to open 300 stores worldwide over the next three years².

Japan



Statistics: Consumer confidence index up 0.4 point mom in May 2017

Japan's consumer confidence index moved up by 0.4 point mom to 43.6 in May 2017. By category, consumer confidence regarding overall livelihood, income growth and employment added 0.7 point mom, 0.6 point mom and 0.1 point mom respectively in May 2017, while confidence as to willingness to buy durable goods remained unchanged³.]

Shopping malls: Aeon plans to expand indoor theme parks in Asia

Aeon Fantasy, a subsidiary of Japan's largest shopping mall operator Aeon, will open 370 indoor theme park outlets over the next three year in Asia, doubling the number of locations to 660. The retailer will add 200 new locations to its current 165 outlets in China, while a further 30 to 45 new sites will be opened in Thailand, Malaysia, Indonesia and the Philippines. The move is set to differentiate Aeon's retail offerings from its competitors⁴.

Convenience stores: Seven & i Holdings to launch 7-Eleven store in Vietnam

Seven & i Holdings, the operator of Japan's largest convenience store chain 7-Eleven, will open its debut store in Vietnam in Ho Chi Minh City in June 2017. According to Nikkei report, Seven & i Holdings plans to apply its home business model in Vietnam and assign Japanese staff to assist local employees in

developing new products such as ready meals, choosing new store locations and developing a distribution network. Currently, Seven & i Holdings runs over 61,500 7-Eleven stores worldwide, covering Japan, Indonesia, Malaysia, the Philippines, Singapore and Thailand⁵.

Convenience stores: 7-Eleven to enter Okinawa in 2019

7-Eleven will expand to Okinawa, the only Japanese prefecture where the retailer has yet to set up a branch. It will make debut in Okinawa in 2019 and set up some 250 stores there over the following five years, mainly in Naha. The retailer plans to leverage its foray into Okinawa as a stepping stone for boosting sales of its private label products across Asia, where demand for Japanese food and snacks is increasing⁶.

E-commerce: Japanese online retailer Belluna opens China website

Japanese online retailer Belluna launched its Chinese official website in May 2017. Orders made on the website will be directly mailed to buyers in China. Currently, the website sells mainly maternity and baby products and cosmetics of Japanese brands such as Best Thanks and Ozio. Belluna is an integrated shopping platform in Japan. Listed on the Japan Stock Exchange, Belluna is one of the three largest mail-order companies in the country. It sells mainly maternity and baby products, fashion, cosmetics, healthcare supplements and red wine⁷.

Beauty and personal care: Shiseido targets millennials with new skincare line Waso

Japan's cosmetic giant Shiseido has recently launched a new skincare line named Waso. Unlike the company's usual target audience, Waso is designed to lure younger and more connected consumers – millennials. Its product range includes refreshing gels, cleansing gels and moisturizers, which contain natural ingredients such as carrots, tofu and honey. Shiseido will gradually launch the new line in Europe in July 2017⁸.

Beauty and personal care: Japan's mail order giant Scroll to acquire Shiseido's cosmetic subsidiary Kinari

Scroll Corporation, Japan's largest mail order company, will acquire Shiseido's subsidiary Kinari. The deal is expected to be closed on 3 July 2017. Upon the acquisition, Kinari will leverage Scroll's sales networks and marketing expertise to further expand its sales. Founded in 2001, Kinari mainly offers natural cosmetics products online, targeting women aged 30-40. As of the end of 2016, it racked up sales of 2.2 billion yen, with net profit of 43 million yen⁹.

South Korea

Statistics: CPI up 2% yoy in May 2017

South Korea's consumer price index advanced 2% yoy in May 2017. The growth was mainly driven by an increase in prices of most of the expenditure categories, including transport (up 4.5% yoy), food & non-alcoholic beverages (up 3.4% yoy), miscellaneous goods & services (up 2.5% yoy), restaurants & hotels (up 2.4% yoy), furnishings, household equipment & routine maintenance (up 1.8% yoy), housing, water, electricity, gas and other fuels (up 1.7% yoy), alcoholic beverages & tobacco (up 1.4% yoy) and education (up 1.1% yoy). Nevertheless, prices of recreation & culture and communication moved down by 0.4% yoy and 0.3% yoy respectively in May 2017¹⁰.

E-commerce: LG launches LG Pay in South Korea

LG, South Korea's major consumer electronics firm, has recently rolled out its mobile payment service LG Pay in South Korea. LG Pay currently accepts four credit card brands, including Shinhan, KB, BC and Lotte, with more credit card service providers to join by the end of September 2017. Unlike its rival Samsung Pay which uses Magnetic Secure Transmission technology, LG Pay is based on Wireless Magnetic Communication tech. After registering for the payment service, users of LG Pay only have to place their mobile devices near a payment terminal and approve the transaction with their fingerprint to complete the payment¹¹.

E-commerce: South Korea's m-commerce sales hit record high in April 2017

South Korea's online sales made by smartphones and tablets hit 3.68 trillion won (US\$3.28 billion) in April 2017, jumping 42.2% yoy, according to Statistics Korea. The m-commerce sales also took up 60.6% of all online sales in April 2017 and outstripped the 59% growth in March 2017. Mobile transactions made up 40% and 50% of South Korean overall online sales in 2015 and 2016 respectively¹².

Duty-free shops: Lotte Duty Free makes debut in Vietnam

Lotte Duty Free, South Korea's largest duty-free player, has recently opened its first duty-free shop in Vietnam in Da Nang. The 1,000 sqm debut store, named Phu Khanh Duty Free, is a joint venture between Lotte and a Vietnamese company in which Lotte owns a 60% stake. Lotte looks to diversify revenue sources through the rollout in Vietnam as its local business was battered with a slump in Chinese tourists¹³.

Taiwan

Statistics: CPI up 0.6% yoy in May 2017

Taiwan's consumer price index moved up by 0.6% yoy in May 2017. By category, prices of miscellaneous, healthcare and housing added 2.1% yoy, 1.8% yoy and 1% yoy respectively in May 2017, followed by transportation & communication (up 0.5% yoy) and education & entertainment (up 0.3% yoy). By contrast, prices of clothing slid 0.2% yoy in May 2017, while prices of food stayed unchanged¹⁴.

Beauty and personal care: Kiehl's to open first café shop in Taipei

Kiehl's, a New York skincare brand owned by French beauty giant L'Oreal, will open its first global coffee house in Taiwan in June 2017. The coffee shop, located in Taipei, will offer customers with coffee and snacks, plus Kiehl's products and skincare consulting services. L'Oreal hopes that the global coffee shop will attract more consumer and increase brand awareness. Currently, Kiehl's boasts seven standalone stores in Taiwan, covering Taipei, Hualien City and Taichung City¹⁵.

Thailand

Statistics: CPI stays flat yoy in May 2017

Thailand's consumer price index stayed flat yoy in May 2017. By category, prices of transportation & communication added 1.3% yoy in May 2017, followed by housing & furnishing (up 0.6% yoy), recreation & education (up 0.4% yoy), medical & personal care (up 0.2% yoy) and tobacco & alcoholic beverages (up 0.1% yoy), while prices of apparel & footwear remained unchanged. By contrast, prices of food & non-alcoholic beverages fell 1.4% yoy in May 2017¹⁶.

Discount stores: Japan's 100 yen shop Can Do target 100 stores in Thailand by 2020

Can Do, a Japanese 100 yen store chain, plans to expand its Thai store network to 100 shops by 2020. Collaborating with its sole franchisee in Thailand East Coast Furnitech (ECF), Can Do will open five stores in densely populated neighborhoods in 2017 and boost its brand awareness through an online platform. Currently Can Do shops offer 6,000 to 7,000 items priced mainly at 60 baht apiece, with Japanese products taking up 90% and the rest being locally made household products¹⁷.

E-commerce: JD.com plans to tap Thai market

China's major e-commerce company JD.com plans to make foray into the Thai market in 2017, marking its second Southeast Asia market after Indonesia. The e-commerce player will use Thailand as a hub for serving other Southeast Asian markets including Malaysia and Vietnam. Amid fierce competition, JD.com has expanded into fast moving consumer goods, including household supplies and food and beverage products. It has also diversified into data, cloud and artificial intelligence services¹⁸.



E-commerce: Malaysia's e-commerce sales to increase fivefold by 2025

Malaysia's online sales, which currently represent around 1% of the country's total retail sales, are expected to increase by fivefold by 2025, according to German research agent yStats' report on Malaysia B2C E-commerce Market 2017. The dramatic rise will be driven by online outstripping store-based retail, especially for fashion sales. The report also revealed that Malaysia's Internet penetration is one of the highest in the Southeast Asian region, with a third of internet users shopping online. Clothing and footwear scored the largest share of e-commerce sales in 2016¹⁹.



Statistics: Retail sales up 2.6% yoy in April 2017

Singapore's retail sales rose 2.6% yoy in April 2017. By category, retail sales of watches & jewellery and petrol service stations surged 14.3% yoy and 13% yoy respectively in April 2017, followed by department stores (up 7.6% yoy), medical goods & toiletries (up 6.6% yoy), apparel & footwear (up 6.1% yoy), recreational goods (up 3.8% yoy) and computer & telecommunication equipment (up 2.8% yoy). By contrast, retail sales of motor vehicles and mini-marts & convenience stores shrank 6.4% yoy and 5.7% yoy respectively in April 2017²⁰.

Retail technology: UnionPay's QuickPass payment service arrives in Singapore and Hong Kong

UnionPay, China's largest bank card service provider, has launched its UnionPay Quick Pass QR code mobile payment service in Singapore and Hong Kong. The first batch of retailers accepting this new payment service are two stores of BreadTalk in VivoCity and Marina Bay Financial Centre, Singapore, along with Colourmix branches in Causeway Bay, Hong Kong. Following a debut in China in May 2017, UnionPay has also planned to roll out the new service in travel destinations favored by Chinese tourists, including Australia, Thailand and Indonesia²¹.

Shopping malls: Singapore's largest shopping mall Vivo City opens a branch in Shanghai

Singapore's largest shopping mall Vivo City opened a branch in Shanghai's Xinzhuang Commercial Area in Minhang District. Having a construction floor space of 120,000 sqm, the Shanghai Vivo Mall is positioned to be a large-scale interactive experiential shopping mall. It has five floors and can accommodate over 280 stores. The mall aims to provide a diversified shopping experience to consumers by offering a range of experiential elements such as leisure and entertainment, fashion and accessories, catering, children and kids, as well as lifestyle. The entire 5th floor features interactive components such as an open-air garden Sky Park that has a playground and farm patch that has incorporated natural elements, as well as membership centre VivoClub²².

E-commerce: Reebonz opens e-commerce hub in Singapore

Singapore's luxury e-tailer Reebonz has recently opened an eight-storey e-commerce hub in Tampines, Singapore, aiming to strengthen its cross-border operations and cater to the evolving demands of their customers. The new e-commerce hub, which costs some S\$40 million, is four times larger than Reebonz's previous office and distribution centre, enabling the e-tailer to stock over 500,000 types of products and distribute products across 17 countries worldwide²³.

Endnotes

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