

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



E-commerce: South Korea's Mamonde opens online store on Lazada Singapore

Mamonde, a green cosmetic brand under South Korean beauty giant AmorePacific, has launched an online store on Lazada Singapore, as a way to introduce its skincare and makeup products into Singapore. AmorePacific has plans to open a physical store of Mamonde in Singapore in the future and the digital launch allows the brand to monitor consumer buying preference before further expanding in the market¹.

Beauty and personal care: Japan's online beauty retailer @Cosme to reach Taiwan

@Cosme, an online beauty store owned by Japan's e-commerce company Istyle, will open a brick-and-mortar store in Taiwan in May 2017. The move is part of Istyle's business expansion plans in Asia. The company targets to open three or more new stores in Taiwan and Hong Kong in 2017. Currently, Istyle's overseas businesses have been centred on wholesaling cosmetics and cross-border e-commerce businesses in China².

Japan



Statistics: CPI up 0.4% yoy in January 2017

Japan's consumer price index moved up by 0.4% yoy in January 2017. By category, prices of food, education and clothes & footwear rose 1.8% yoy, 1.5% yoy and 1.1% yoy respectively in January 2017, followed by culture & recreation (up 0.9% yoy), medical care (up 0.5% yoy), miscellaneous (up 0.4% yoy) and transportation & communication (up 0.3% yoy). By contrast, prices of fuel, light and water charges (down 3.4% yoy), housing (down 0.2% yoy) and furniture & household utensils (down 0.1% yoy) went down in January 2017³.

Statistics: Consumer confidence index down 0.1 point mom to 43.1 in February 2017

Japan's consumer confidence index slid 0.1 point mom to 43.1 in February 2017. The dip was due mainly to a decline in consumer confidence related to income growth (down 0.2 point mom), overall livelihood (down 0.1 point mom) and willingness to buy durable goods (down 0.1 point mom). Nevertheless, consumer confidence concerning employment moved up by 0.2 point mom in February 2017⁴.

Retail technology: Lawson, Panasonic pair up to trial robotic checkout system

Japan's convenience store operator Lawson has teamed up with local tech giant Panasonic to trial a new robotic checkout system at one of its outlets in Osaka. To speed up the checkout process, each item in the store is affixed with a RFID tag. Customers can simply put their purchases in a RFID sensor-equipped basket and place the basket in the autonomic cashier table inside the store to have their bill calculated and purchased goods packed in a bag automatically. If the new system proves a success, Lawson plans to introduce the machine at its stores nationwide to save manpower and ease peak-hour congestion⁵.

E-commerce: Japan's Rakuten plans to ditch its Chinese name to draw a line between itself and South Korean Lotte

Japanese online retail platform Rakuten announced on its official Weibo account that the company should not be confused with South Korean retailer Lotte Group, which is a different company but holds the same Chinese name. According to media reports, Rakuten plans to stop using its Chinese name and will operate in China in its English name Rakuten, so as to differentiate itself from the South Korean retailer⁶.

E-commerce: Line Friends to launch brand store in Times Square New York

Line Friends, a Japanese mobile messenger app, will open a mega official store in New York's Times Square in July 2017, a move to mark its one-year anniversary of listing on the NYSE. With a retail space of 430 sqm, the

new store will feature stationery items and accessories under Line Friends brand and other stationery brands. Currently, there are 73 official and pop-up Line Friends stores worldwide, including in Japan, Taiwan, Hong Kong, China and New York⁷.

Apparel and footwear: Aeon's footwear retailer G-Foot buys Mitsubishi's upscale men's footwear Life Gear

G Foot, a footwear specialist retailer owned by Japan's retail giant Aeon, agreed to acquire Life Gear, a high-end footwear brand for men under Japan's conglomerate Mitsubishi Corporation. The deal will be closed in May 2017, and G-Foot will set up a new company to take over the operation of Life Gear. G Foot aims to make the newly acquired upscale footwear business its new revenue stream. Founded in 1988, Life Gear imports and sells footwear and lifestyle products. It distributes upscale men's footwear brands, including Crockett & Jones and Edward Green via around 14 department stores and specialist stores in Japan; the average price of each pair of shoes is priced at 100,000 yen (6,200 yuan) or above⁸.

Luxury: Pre-owned luxury goods vendor Komehyo to foray into China

Japan's pre-owned luxury goods vendor Komehyo will establish a joint venture company in Beijing in 2017 as a way to enter the Chinese market. It is the company's first overseas expansion, which is prompted by a drop in foreign tourists' spending in Japan that has dented Komehyo's earnings outlook. With a registered capital of 830 million yen (US\$7.21 million), the joint venture will be equally owned by Komehyo's Hong Kong

subsidiary and a Chinese investment management company which boasts a pawn shop business. The new company will engage in trading of second-hand luxury items, including jewellery, high-end watches, designer bags and other brand items⁹.

South Korea



Statistics: CPI up 1.9% yoy in February 2017

South Korea's consumer price index rose 1.9% yoy in February 2017. The growth was attributable to an increase in prices of all major expenditure categories in February 2017, including transport (up 6% yoy), miscellaneous goods & services (up 3.1% yoy), food & non-alcoholic beverages (up 2.9% yoy), restaurants & hotels (up 2.3% yoy), alcoholic beverages & tobacco (up 1.4% yoy), education (up 1.3% yoy), healthcare (up 1.2% yoy), clothing & footwear (up 1.1% yoy), recreation & online (up 1.1% yoy), communication (up 0.8% yoy) and furnishings, household equipment & routine maintenance (up 0.4% yoy)¹⁰.

Duty-free shops: Fintrax, Lotte pair up to boost South Korean duty-free market

Fintrax, a major duty-free operator based in Ireland, has forged a joint venture agreement with South Korea's largest duty free operator Lotte, with a hope to attract more foreign tourists and boost the duty-free market in South Korea. Under the partnership, Fintrax will join Lotte Group's subsidiary Lotte Data

Communications Corporation (LDCC) as shareholding partners in South Korean tax rebate service provider CubeRefund. Meanwhile, CubeRefund will operate under the name and logo of Fintrax Group's duty-free subsidiary Premier Tax Free¹¹.

E-commerce: Lotte to form e-commerce JV in Indonesia

South Korea's retail giant Lotte and Indonesia's largest trading conglomerate Salim Group will establish a joint venture company focusing on e-commerce business in Indonesia. The new company Indo Lotte Makmur will be equally owned by Lotte and Salim and have an initial capital of US\$88 million. It will launch an online shopping platform iLotte in July 2017 at earliest, mainly targeting women in 20s and 30s and featuring well-known South Korean cosmetics brands along with offerings from Lotte's online mall¹².

Beauty and personal care: Beauty firm Kolmar Korea set up factory in China

Kolmar Korea, a South Korean ODM company for cosmetics, is setting up a factory in Wuxi city of Jiangsu province, aiming to offer products cater to Chinese customers and to boost its sales in China to some 200 billion won (US\$173 million) by 2019. Kolmar Beijing, the company's subsidiary in China established two years ago, has already achieved a break-even point, with sales surging from 17.9 billion won in 2014 and 37 billion won in 2015 to 55.6 billion won in 2016¹³.

Taiwan

Statistics: CPI down 0.04% yoy in February 2017

Taiwan's consumer price index slid 0.04% yoy in February 2017. By category, prices of miscellaneous, education & entertainment and food decreased by 3.11% yoy, 1.43% yoy and 0.75% yoy respectively in February 2017. Nevertheless, prices of transportation & communication, healthcare, clothing and housing advanced 4.14% yoy, 1.22% yoy, 0.25% yoy and 0.06% yoy respectively in February 2017¹⁴.

Statistics: Consumer confidence index up 3.28 points mom in February 2017

Taiwan's consumer confidence index moved up by 3.28 points mom in February 2017. The rise was due chiefly to an increase in consumer confidence related to stock market (up 20.6 points mom) in February 2017, followed by domestic economic outlook (up 0.25 point mom) and domestic price level (up 0.1 point mom). However, consumer confidence concerning both job market and domestic household finance moved down by 0.6 point mom in February 2017¹⁵.

Thailand

Statistics: CPI up 1.4% yoy in February 2017

Thailand's consumer price index moved up by 1.4% yoy in February 2017. By category, prices of transportation & communication, tobacco & alcoholic beverages and raw food & energy rose 5.6% yoy, 3.8% yoy and 3.8% yoy respectively in February 2017, followed by prices of food & non-alcoholic beverages (up 1% yoy), recreation & education (up 0.5% yoy) and medical & personal care (up 0.3% yoy). By contrast, prices of housing & furnishing declined by 1.2% yoy, while prices of apparel & footwear stayed unchanged¹⁶.

Shopping malls: Siam Discovery launches My Kitchen to offer new social dining experience

Siam Discovery, one of the largest shopping malls in Thailand, has launched a new dining bar My Kitchen on the fourth floor, offering a new social dining experience to customers. Targeting millennials, My Kitchen integrates digital innovation through the use of tablet menus, which enable diners to order and pay quickly. To make dining experience more fulfilling and enjoyable, the dining bar also introduces the "My Kitchen is Your Kitchen" concept, offering a workshop space designated to engage diners with enjoyable and interactive cooking demonstrations, tasting parties, and other food events¹⁷.

E-commerce: Central Group sets sights on e-commerce

Thailand's retail titan Central Group will assign some 10% of its 45.53 billion baht (US\$1.3 billion) investment capital for 2017 to develop online business, aiming to lift its share of e-commerce sales from current 1% to 15% in five years. The funds will chiefly be used on building up a logistics network and an omni-channel platform. Meanwhile, the group's retail portal Central Online will also be upgraded this year through adapting the technology know-how from fashion e-tailer Zalora Thailand, which was taken over by Central Group in 2016¹⁸.

Apparel: Minor Corporation seeks sales growth via M&A

Minor Corporation, a Thai fashion and lifestyle brand distributor is looking to triple its annual sales to 10 billion baht (US\$283.2 million) through M&A. Aiming to adding more well-established brands to its brand portfolio to boost sales, Minor is in talk with at least 10 Thai brands covering bags and sport goods. The company has also announced that it will no longer distribute any brand with a market value of less than 300 baht million per annum. Minor currently distributes 12 international brands including Banana Republic, Bossini, Charles & Keith, Esprit and Gap¹⁹.

Luxury: MCM opens flagship store in Bangkok

MCM, a German luxury leather brand owned by South Korean conglomerate Sungjoo Group, has launched a flagship store at Central Embassy shopping mall in Bangkok. The mega store, with a floor area of 174 sqm,

stocks all collections of MCM products and houses a VIP zone. It is also the exclusive store in Thailand to offer MCM's ready-to-wear collection for men and women, including the latest Christopher Raeburn collection newly launched in London. Currently, MCM products are manufactured in both Korea and Italy and are sold in some 40 countries worldwide²⁰.

Luxury: Lacoste to tap Thai youth market with online push

French premium casual wear fashion house Lacoste plans to embark its online business in Thailand in 2018, as a way to tap the youth market in the country. While the company has established a very solid retail foothold in Thailand for the past four decades, the company decides to expand its e-commerce business in the country via collaboration with local distributor ICC International. In addition to reaching younger customers via e-commerce, the brand will also work with ICC to open Lacoste pop-up stores and hold marketing events in key cities like Chiang Mai, Phuket and Nakhon Ratchasima²¹.

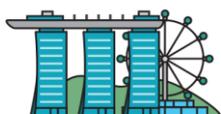


E-commerce: Malaysian Firefly Airlines launches online store in tie-up with Samsung

Firefly Airlines, a discount carrier fully-owned by Malaysian Airlines, has launched a new online store offering collectables and exclusive deals for Samsung products. Apart

from offering Firefly merchandise and collectables such as aircraft models, lanyards, t-shirts, toiletry bags, pins and the soft toy Skyle, the online store, in collaboration with Samsung Malaysia, will offer Samsung's phones and gadgets such as the Samsung Galaxy, all with a one-year warranty at below market prices²².

Singapore



Statistics: Retail sales up 2% yoy in January 2017

Singapore's retail sales grew 2% yoy in January 2017. The growth was due mainly to a rise in retail sales of supermarkets (up 13% yoy), food & beverages (up 12% yoy), petrol services stations (up 7.1% yoy), medical goods & toiletries (up 6.7% yoy), watch & jewellery (up 4.7% yoy) and wearing apparel & footwear (up 4% yoy) in January 2017, followed by department stores (up 3.2% yoy), motor vehicles (up 2.1% yoy) and computer & telecommunications equipment (up 1.2% yoy). By contrast, retail sales of furniture & household equipment, optical goods & books, mini-marts & convenience stores and recreational goods fell 9.7% yoy, 8.8% yoy, 2.8% yoy and 2.5% yoy respectively in January 2017²³.

E-commerce: Singaporeans to spend more online in 2017, with mobile sales to reach US\$848 million

Over a third of Singapore consumers said that they will shop more online in 2017, lured in by the convenience of online shopping, particularly via smartphones. A recent survey by Paypal shows that 38% of respondents in Singapore expected to spend more online this year, with 78% citing convenience as the major reason. M-commerce sales in Singapore are estimated to jump 42% yoy in 2017 to over S\$1.2 billion (US\$848 million), making up nearly a third of the total online sales (S\$3.5 billion) in Singapore. As Singaporeans favor online shopping for everyday items, the online sales of household goods, groceries (including food, beverage and alcohol) and children's supplies are expected to advanced 21%, 15% and 12% respectively in 2017²⁴.

E-commerce logistics: SingPost and Alibaba's JV OSI raises stakes in Indonesian logistic company

Quantum Solutions International (OSI), a joint venture company 66% held by SingPost and 34% by Alibaba, has entered into a share purchase agreement with Indonesia's logistics service provider PT Rantai Bumi Laut (RBL) to acquire 1,800 ordinary shares, or 18% of the issued share capital of Indonesia's e-commerce logistics company PT Quantum Solutions Logistics Indonesia (QSLI) for US\$54,000. Upon completion of the Acquisition, QSI will hold a 67% stake in QSLI²⁵.

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