

Asia (ex-China) Retail & E-commerce

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Asia Distribution & Retail

Asia at a glance p2

- E-commerce: Rakuten opens store on 11Street Korea
- E-commerce: Amazon to expand in Southeast Asia market via Singapore
- Apparel: British fashion retailer All Saints eyes Asia, Middle East markets

Japan p2

- Statistics: Japan's economy expands 2.2% yoy, 0.5% qoq in 3Q16
- Statistics: CPI down 0.5% yoy in September 2016
- Statistics: Consumer confidence index down 0.7 point to 42.3 in October 2016
- Shopping malls: Mega shopping mall "Ginza Six" to open in April 2017
- Shopping malls: Muji to run hotel business in Beijing
- E-commerce: Around 200 Muji Stores in Mainland China now accept Alipay payment
- E-commerce: Isetan to open first cross-border online store on Tmall Global

South Korea p4

- Statistics: CPI up 1.3% yoy in October 2016
- Shopping malls: Eland plans 500 shopping malls in China by 2020
- Apparel and footwear: Skechers forms new JV in Seoul
- Beauty and personal care: LG buys Johnson & Johnson's oral care brand Reach

Taiwan p5

- Statistics: CPI up 1.7% yoy in October 2016
- Luxury: French trunk-maker Moynat makes debut in Taiwan

Thailand p5

- Statistics: CPI up 0.3% yoy in October 2016
- Hypermarket: Siam Makro takes major stakes in four food companies; plans 10 new stores in Thailand
- E-commerce: Thai fashion e-tailer Pomelo raises US\$11 million from Series A funding
- Beauty and personal care: Lush to made Thailand debut in Bangkok
- Beauty and personal care: US beauty brand IT Cosmetics arrives in Thailand

Malaysia p6

- Beauty and personal care: Guardian Malaysia to add 30 new stores

Singapore p6

- Department stores: Singapore's heritage brand John Little to shutter last store in January 2017
- Convenience stores: 7-Eleven Singapore to undergo store facelift
- E-commerce: Alibaba's Lazada to acquire Singapore e-grocer RedMart
- E-commerce: SingPost launches regional e-commerce logistics hub in Singapore

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Asia at a Glance



E-commerce: Rakuten opens store on 11Street Korea

Japan's e-commerce giant Rakuten has opened an online store on South Korea's major online marketplace 11Street Korea. The launch aims to provide South Korean consumers with high quality and popular products from Japan. The online store will stock various fashion, beauty and sport items from leading Japanese brands. Currently, 11Street operates a global network of 260,000 sellers, small merchants, brands, department stores and supermarket chains serving about 23 million registered members in South Korea and overseas markets, with spending by shoppers totaling US\$6billion annually on its platforms¹.

E-commerce: Amazon to expand in Southeast Asia market via Singapore

U.S e-commerce giant Amazon has planned to make inroad into the Southeast Asian market through Singapore. The company reportedly will launch its Prime delivery service and its Amazon Fresh grocery service in Singapore soonest in early 2017. Amazon's Southeast Asian expansion plan follows its aggressive foray into India and China. In China, the company started offering its Prime free-shipping service in October 2016².

Apparel: British fashion retailer All Saints eyes Asia, Middle East markets

British fashion retailer All Saints plans to boost its international sales, aiming to make it two-thirds of total sales by 2020, an increase from current 43%, with Asia and the Middle East being the company's prime focus. In fiscal 2015, the company registered international sales growth of 12% to 108.2 million pound in fiscal 2015 after opening 23 new stores in Japan, South Korea, Taiwan and the U.S³.

Japan



Statistics: Japan's economy expands 2.2% yoy, 0.5% qoq in 3Q16

Japan's gross domestic product rose 2.2% yoy and 0.5% qoq in 3Q16 given the growth in private residential investment (up 9.6% yoy) and exports of goods & services (up 8.1% yoy). By contrast, public investment and imports of goods & services contracted 2.7% yoy and 2.4% yoy respectively in 3Q16⁴.

Statistics: CPI down 0.5% yoy in September 2016

Japan's consumer price index slid 0.5% yoy in September 2016. By category, prices of fuel, light & water charges fell 6.2% yoy in September 2016, followed by transportation & communication (down 2.1% yoy), furniture & household utensils (down 1.5% yoy) and housing (down 0.1% yoy). By contrast, prices

of both clothes & footwear and education gained 1.5% yoy in September 2016, followed by medical care (up 1% yoy), miscellaneous (up 0.6% yoy), food (up 0.6% yoy) and culture & recreation (up 0.3% yoy)⁵.

Statistics: Consumer confidence index down 0.7 point to 42.3 in October 2016

Japan's consumer confidence index in October 2016 stood at 42.3, down 0.7 point mom. The decline was due mainly to a drop of consumer confidence in all four major categories, including employment (down 1.4 points mom), overall livelihood (down 0.6 mom), willingness to buy durable goods (down 0.6 mom) and income growth (down 0.1 point mom)⁶.

Shopping malls: Mega shopping mall "Ginza Six" to open in April 2017

Ginza will have a new mega shopping complex open in April 2017. The new mall will be the largest ever shopping complex in Ginza area, Tokyo. It is jointly developed by Japan's retail giants Mori Building and J.Front Retailing, local property developer L Real Estate and trading conglomerate Sumitomo Corporation. Ginza Six, with a floor space of 47,000 sqm, will house a total 241 stores, including 122 flagship stores and famous international and local brands, which include Fendi, Kenzo, Vivienne Westwood, Alexander McQueen and Yves Saint Laurent⁷.

Home products: Muji to run hotel business in Beijing

Japan's lifestyle retailer Muji will open its first hotel in China - Muji Hotel Beijing in 2H17,

making foray into the hospitality market in China. The retailer has entered into a brand co-operation agreement with Tokyo-based architectural firm UDS for the hotel project. Marking a major global business move for Muji, Muji Hotel Beijing will have Muji products in its 41 guest rooms and public areas. The hotel will house a cafe, hotel store, bookstore and lounge on the first floor and a restaurant and bar overlooking Tiananmen Square on the fourth floor, coupled with a Muji store in the basement⁸.

E-commerce: Around 200 Muji Stores in Mainland China now accept Alipay payment

Muji announced a partnership with Alipay. Close to 200 Muji stores in China now accept Alipay payment. According to the announcement, the two companies will also integrate their membership systems. When consumers complete the payment process through Alipay, they will be awarded credit in their Muji passport membership cards⁹.

E-commerce: Isetan to open first cross-border online store on Tmall Global

Japan's high-end department store operator Isetan will open its first online storefront outside of Japan on Alibaba's international marketplace Tmall Global in November 2016, the first Japanese department store to enter Tmall Global. The launch aims to cater to Chinese consumers' growing demand for Japanese products and to expand the consumer base in China. Isetan's Tmall Global store will mainly focus on its private fashion label Number Twenty-One, offering women footwear, apparel and accessories items. The prices of the merchandises are

expected to be 1.3 times higher than those sold in Japan because of the import tax¹⁰.

South Korea

Statistics: CPI up 1.3% yoy in October 2016

South Korea's consumer price index advanced 1.3% yoy in October 2016. By category, prices of food & non-alcoholic beverages, restaurants & hotels and clothing & footwear rose 5% yoy, 2.2% yoy and 2.1% yoy respectively in October 2016, followed by education (up 1.6% yoy), furnishings, household equipment & routine maintenance (up 1.2% yoy), miscellaneous goods & services (up 1.1% yoy), healthcare (up 0.9% yoy), recreation & culture (up 0.9% yoy) and alcoholic beverages & tobacco (up 0.5% yoy). By contrast, prices of transport and housing, water, electricity, gas & other fuels fell 1.4% yoy and 0.4% yoy respectively in October 2016¹¹.

Shopping malls: Eland plans 500 shopping malls in China by 2020

South Korea's fashion and retail conglomerate Eland is planning a massive shopping mall expansion in China. Through its joint venture with Malaysia's retail group Parkson, Eland will open 10 shopping centres in China by the end of 2016, followed by another 30 openings in 2017 and 500 by 2020. In early 2016, the Eland and Parkson JV opened their first shopping mall in Shanghai, which covers about 50,000 sqm and houses fashion stores,

international luxury brands, lifestyle brands and restaurants¹².

Apparel and footwear: Skechers forms new JV in Seoul

Skechers, an American sneaker maker, has set up a new joint venture company in Seoul with Hong Kong-based apparel and footwear company Luen Thai Enterprises. The new JV, Skechers Korea Co., Ltd., will enable Skechers to use its proven sales and marketing strategies to expedite its penetration in the South Korean market. Since its first entry into South Korea more than 15 years ago, Skechers has set up 57 concept and outlet stores in the country¹³.

Beauty and personal care: LG buys Johnson & Johnson's oral care brand Reach

South Korea's LG has acquired the Asia-Pacific unit of Johnson & Johnson's oral care brand Reach. The acquisition will enable LG Household & Health Care division to ramp up its presence across the Asia-Pacific region, reaching out to boarder markets, such as Australia, New Zealand, and India. Founded in 1972, REACH is a global oral care brand with a range of product line including toothbrushes and dental floss¹⁴.

Taiwan

Statistics: CPI up 1.7% yoy in October 2016

Taiwan's consumer price index went up by 1.7% yoy in October 2016. By category, prices of food and miscellaneous rose 5.24% yoy and 2.24% yoy respectively in October 2016, followed by clothing (up 0.81% yoy), healthcare (up 0.74% yoy), transportation & communication (up 0.32% yoy) and education & entertainment (up 0.17% yoy). Nevertheless, prices of housing moved down by 0.32% yoy in October 2016¹⁵.

Luxury: French trunk-maker Moynat makes debut in Taiwan

French luxury suitcase brand Moynat, owned by LVMH's family holding company Groupe Arnault, has opened its debut store in Taiwan in Taipei's Bellavita Mall, marking the brand's 12th global outlet. The new store, covering 120 sqm, showcases the brand's complete range of handbags for both men and women, as well as leather accessories¹⁶.

Thailand

Statistics: CPI up 0.3% yoy in October 2016

Thailand's consumer price index moved up by

0.3% yoy in October 2016. By category, prices of tobacco & alcoholic beverages advanced 13% yoy in October, followed by food & non-alcoholic beverages (up 0.9% yoy), medical & personal care (up 0.6% yoy), recreation & education (up 0.5% yoy), apparel & footwear (up 0.3% yoy), transportation & communication (up 0.2% yoy). By contrast, prices of housing & furnishing and raw food & energy went down by 1.2% yoy and 0.8% yoy respectively in October 2016¹⁷.

Hypermarket: Siam Makro takes major stakes in four food companies; plans 10 new stores in Thailand

Thailand's chain hypermarket operator Siam Makro, which runs the Makro cash-and-carry store chain, has set aside 3 billion baht to acquire four food companies. The retailer has inked a pact to acquire an 80% stock in each of Indoguna (Singapore), a listed firm on the Singapore Exchange, Indoguna Dubai as well as Hong-Kong listed Lordly and Just Meat. Siam Makro will finance the acquisition with its cash flow and bank loans. In addition, the retailer also plans to add 10 new stores in Thailand in 2016, lifting its total store count to 108 nationwide¹⁸.

E-commerce: Thai fashion e-tailer Pomelo raises US\$11 million from Series A funding

Thailand's online fashion retailer Pomelo has completed a follow-on funding round, lifting its total Series A funding to US\$11 million. Led by existing investor Singapore-based Jungle Ventures, the latest round of funding has also attracted new investors including Andre Hoffmann, 500 Tuk Tuks and Jonathan Price. Pomelo will use the proceeds to continue its

expansion in Southeast Asia. Currently, the company mainly operates in Thailand, Singapore and Indonesia; yet it has customers in over 44 countries worldwide¹⁹.

Beauty and personal care: Lush to made Thailand debut in Bangkok

U.K cosmetics brand Lush will open its first store in Thailand in Bangkok's Siam Center. Apart from housing its signature colourful bath bombs, shower jellies and wacky soap with fruity and distinctive smell, the new store will also stock the brand's other beauty products ranging from body creams and face masks to lipsticks and mascara²⁰.

Beauty and personal care: US beauty brand IT Cosmetics arrives in Thailand

American beauty brand IT Cosmetics has made a debut in Thailand by selling its products in Bangkok's Sephora store.²¹



Beauty and personal care: Guardian Malaysia to add 30 new stores

Malaysia' beauty and personal care specialist Guardian plans to add 30 new stores in 2017 and set up an online business in an effort to boost its share in local health and beauty market. In addition, the retailer will also give a makeover to 70 existing stores and shut down 15 stores respectively. Guardian now operates 430 stores nationwide, taking up

about 30% share in Malaysia's health and beauty market²².



Department stores: Singapore's heritage brand John Little to shutter last store in January 2017

Singapore's century-old department store John Little will shut down its final store on 2 January 2017. John Little's owner Robinsons Group, part of the UAE-based conglomerate Al-Futtaim Group, says John Little, hard hit by the booming e-commerce, will evolve into a pop-up format after closing its last outlet. Apart from John Little, Al-Futtaim will also close a couple of loss-making stores in Singapore in 2016, including Tiong Bahru Plaza, Marks and Spencer at Centrepoint, and some Royal Sporting House outlets²³.

Convenience stores: 7-Eleven Singapore to undergo store facelift

7-Eleven Singapore will give a makeover to its stores across the city. Some of the stores will be enlarged by 30% to offer seating and freshly prepared meals, such as a range of fresh-chilled and ready-to-eat meals. Apart from stocking lifestyle items and even IT gadgets, the upgraded stores will also install 7-Connect lockers, self-collection stations where parcels from online shopping can be picked up, and cash-withdrawal machines. To accommodate the additional product ranges and facilities, future 7-Eleven stores in Singapore are expected to have a floor area of some 800 sqft. Currently, 7-Eleven Singapore boasts over 430 outlets

nationwide²⁴.]

E-commerce: Alibaba's Lazada to acquire Singapore e-grocer RedMart

Alibaba's Southeast Asian e-commerce arm Lazada has agreed to acquire Singapore-based online grocer RedMart. The acquisition is reportedly priced at between US\$30 million and US\$40 million. Upon the transaction, RedMart will continue to operate under the leadership of its current management. Backed by billionaire Facebook co-founder Eduardo Saverin, RedMart was established in 2011 in Singapore and a pioneer on online grocery store in Southeast Asia²⁵.

E-commerce: SingPost launches regional e-commerce logistics hub in Singapore

Singapore's major postal and logistics service provider SingPost has recently opened its regional e-commerce logistics hub – eComm Log Hub at the Tampines Logistics Park, Singapore. The project is so far the company's largest e-commerce logistics investment in Singapore, costing about S\$182 million. The eComm Log Hub is a three-story complex including two warehousing floors and fully automated parcel sorting facilities on the ground floor. It will process parcels for delivery within Singapore and those to be sent to destinations worldwide. Currently, SingPost's e-commerce logistics network covers 19 markets across Asia Pacific, Europe and the U.S²⁶.

Endnotes

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