

Asia (ex-China) Retail & E-commerce

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Asia at a Glance



Hypermarkets: Thai hypermarket chain Big C owner sets sight on the ASEAN market

Berli Jucker (BJC), the owner of hypermarket chain Big C in Thailand, is planning an aggressive expansion of its retail network in the ASEAN region. It will cover its hypermarket and convenience store networks, including the opening of Big C hypermarkets in Malaysia. The company is mulling whether to kickstart its retail network expansion in Malaysia or in Vietnam. Currently, BJC owns about 1,200 retail outlets in Thailand, Laos and Vietnam under different brands, including Big C in Thailand, MM Mega Market and B's Mart in Vietnam, as well as M-Point Mart in Laos. The group also owns 10 plus factories in the ASEAN region¹.

E-commerce: Alipay transactions in Asia Pacific surge during Golden Week

In-store Alipay transactions overseas increased by eight folds yoy during China's Golden Week holiday in 2017. Asia dominated the top 10 destinations in transaction volume, with Hong Kong coming first on the list, followed by Thailand, Taiwan, Japan, South Korea, Macau, Malaysia, Singapore, Australia and New Zealand. Meanwhile, Asia also topped the list in terms of fastest growth in Alipay use, with transaction volumes in Singapore surged by 30 times compared with the same period last year, followed by Japan (up 16 times yoy), Hong Kong (up 13 times yoy), Taiwan (up 13 times yoy) and Thailand (up 6 times yoy)².

E-commerce: Singapore, Thailand in talks to form e-payment alliance

The Monetary Authority of Singapore and the Bank of Thailand in talks to explore the possibility of bringing together two national digital-payment platforms – Singapore's PayNow and Thailand's PromptPay, according to Naphongthawat Phothikit, director of payment systems policy at the Bank of Thailand. As e-payment is considered as more efficient and traceable than physical notes and coins, officials in the two nations are stepping up efforts to curb the use of cash. PromptPay now has 24 million registered users, equivalent to about a third of the Thai population, while PayNow also has over 500,000 registered users. Both platforms allow peer-to-peer transfers via banks and enable payments to be made with recipients' mobile phone or national identity card numbers³.

E-commerce: SK Planet partners with GatCoin to issue digital currency for Chinese tourists in Japan

SK Planet Japan (SKPJ), a wholly-owned subsidiary of South Korea's e-commerce company SK Planet has teamed up with GatCoin, a blockchain startup allowing customers to trade digital currencies issued by partnered retailers on its platform, to issue geo-targeted cryptocurrencies for Chinese travelers in Japan, further boosting the spending of Chinese tourists in Japan. Under the collaboration, SKPJ will use GatCoin's targeted A-Drop technology to issue branded cryptocurrencies to Chinese tourists, who can use them to redeem beverages, fast-food and convenience-store products in SKPJ's network of franchise partners in Japan. Both

SKPJ and GatCoin also plan to introduce a full range of crypto-currency offerings for retailers in Japan including loyalty programs, gift vouchers and prepaid cash credits⁴.

Beauty and personal care: Asia-Pacific region to replace the U.S. as leading color cosmetics region by 2020

Asia-Pacific region is expected to replace the U.S. as the leading color cosmetics region by 2020, according to market tracker Euromonitor. Key players in the Asia-Pacific region include Japan, China and South Korea, with color cosmetics sales in Japan and South Korea forecast to reach US\$6.8 billion and US\$2.05 billion respectively in 2017. India, Thailand, Indonesia, the Philippines and Vietnam also merit attention as the demand and use of color cosmetics grow significantly in the markets. The color cosmetics sector in India is projected to grow more than 20% by 2020 as an increasing number of women enter the workplace and look for cosmetics products⁵.

Beauty and personal care: British makeup brand 3INA opens first Southeast Asian store in Singapore

British color cosmetics brand 3INA has recently opened its first store for Southeast Asia in Singapore's Tampines in partnership with Asian distribution accelerator Bluebell Group. With a focus on the Southeast Asian market, the brand will add two more new stores in Singapore's ION and Junction 8 on 25 October and 22 November 2017 respectively. It also plans to ramp up its retail footprints across Asia over the next three years. Prior to the Singapore launch, 3INA already opened two stores in Melbourne in Australia in June 2017. Featuring professional

grade European-made cosmetics at accessible prices, 3INA offers 450 makeup products across six categories, with trend-savvy products coming up every four weeks⁶.



Statistics: Consumer confidence index up 0.6 point mom in September 2017

Japan's consumer confidence index added 0.6 point mom to 43.9 in September 2017. The growth was mainly attributable to a rise in consumer confidence for willingness to buy durable goods (up 0.9 point mom), overall livelihood (up 0.8 point mom), income growth (up 0.5 point mom) and employment (up 0.4 point mom) in September 2017⁷.

Retail technology: Lawson, Rakuten join hands to test drone delivery system in Fukushima

Japan's major convenience store chain Lawson and local e-commerce giant Rakuten will kickstart a trial of drone delivery services on 31 October, 2017. The test will be carried out in the Odaka district in the city of Minamisoma, an area devastated by the March 2011 earthquake, tsunami and ensuing nuclear disaster in Fukushima Prefecture. During the trial, a mobile Lawson shop will visit remote area in the Odaka district and take orders from locals. After receiving the orders, a drone by Rakuten will then deliver products, with weight up to 2 kg, from Lawson's outlet to the mobile shop. The drone delivery service will be available to locals

every Thursday during the six-month trial period⁸.

Convenience stores: FamilyMart reportedly puts Philippines chain for sale

FamilyMart, Japan's major convenience store operator, has reportedly offered its FamilyMart Philippines chain for sales. With some 70 stores, FamilyMart Philippines is a joint venture business established by the Japanese retailer and Philippines major trading conglomerate Ayala and retail giant Rustan's in 2012. Challenged by major players including 7-Eleven and Robinsons' MiniStop in the market, FamilyMart Philippines has been closing money-losing branches over the past 12 months⁹.

E-commerce: Amazon to open largest global fashion studio in Tokyo

U.S. e-commerce giant Amazon will set up its fourth global fashion studio in the Shinagawa Seaside location in Tokyo. The new opening is part of Amazon's strategy to continue boosting its fashion business forward. Scheduled to open in spring 2018, the Tokyo's studio, along with three other fashion studio locations in Brooklyn, Dehli and London, will be for shooting product stills and produce fashion films. It will be the largest Amazon's global studios in world, sprawling across 80,000 sqft. With fashion as one of the fastest growing categories for the e-commerce giant, Amazon's private label fashion has already racked up US\$21 million in 2017¹⁰.

E-commerce: Amazon to launch pop-up bar in Tokyo's Ginza

Amazon will set up a promotional pop-up bar in Tokyo's Ginza to promote the alcoholic beverages being sold on its online marketplace. The 78-seat pop-up bar, which will serve cocktails, sake and wine for 10 days starting 20 October 2017, is Amazon's second brick-and-mortar initiative following its physical bookstores Amazon Books. Currently, Japan is one of Amazon's largest markets and is among the world's largest alcohol markets¹¹.

Apparel and footwear: Asics opens its largest flagship store in Tokyo's Harajuku

Japan's sportswear company Asics opened its largest flagship store in Tokyo's Harajuku on 6 October 2017. It is first Asics' store to carry its three brands – Asics, sports lifestyle brand AsicsTIGER, and outdoor brand Haglöfs under one roof. To provide new and unique shopping experiences for customers, the new flagship store offers several new services, including the new Asics Custom Apparel Service, a three-dimensional foot measuring service, as well as Asics FOOT ID Asics FITNESS LAB, a scientific measurement service especially for female customers¹².

fast-food franchises in Indonesia¹⁴.

South Korea

E-commerce: South Korean mobile shopping hits new high in August 2017

Mobile transaction through smart devices hit a new high of 4.04 trillion won (US\$3.5 billion) in August 2017, up 29.5% yoy, according to Statistics Korea. The surge was attributable to the growing amount of time consumers spend on their handsets. Mobile transactions took up 61.9% of all online purchases made in August 2017. By category, mobile transaction of food delivery services surged 38.2% yoy to 610.3 billion won in August 2017, followed by travel and movie tickets sold through smartphones (up 35.5% yoy to a record 755.8 billion won), cosmetics (up 20.7% yoy to 334.8 billion won) and electronic goods (up 18.3% yoy to 381 billion won)¹³.

E-commerce: Lotte launches e-commerce site iLotte in Indonesia

South Korea's retail giant Lotte has recently opened an e-commerce shopping site named iLotte in Indonesia in tie-up with local food and retail conglomerate Salim Group of Indonesia. iLotte is managed by Indo Lotte Makmur, a joint venture company set up in 2016 and equally owned by Lotte and Salim. Indo Lotte will initially invest US\$100 million in the e-commerce platform, which mainly target female shoppers by offering clothes, cosmetics, lifestyle goods, plus exclusive South Korean cosmetics products. To market itself as a trustworthy online mall, iLotte sells products directly from brands such as Shiseido and Nike. Currently, Lotte operates one department store, 41 retail stores and 31

Taiwan

Statistics: GDP up 2.13% yoy in 2Q17

Taiwan's economy expanded 2.13% yoy and 0.47% qoq in 2Q17. On the demand side, exports and imports of goods and services rose 4.97% yoy and 4.37% yoy respectively in 2Q17, followed by real private final consumption (up 2.05% yoy) and real gross capital formation (up 0.17% yoy). On the production side, the manufacturing sector expanded 3.81% yoy in 2Q17, followed by the transportation & storage sector (up 3.18% yoy) and the wholesale & retail trade sector (up 2.95% yoy)¹⁵.

Statistics: CPI up 0.5% yoy in September 2017

Taiwan's consumer price index increased by 0.5% yoy in September 2017. By category, prices of healthcare, housing, transportation & communication and miscellaneous rose 1.89% yoy, 1.21% yoy, 1.05% yoy and 1.03% yoy respectively in September 2017, while prices of clothing, food and education & entertainment fell 1.27% yoy, 0.18% yoy and 0.14% yoy respectively during the same period¹⁶.

Thailand

Statistics: CPI up 0.9% yoy in September 2017

Thailand's consumer price index grew 0.9% yoy in September 2017. The growth was due mainly to an increase in prices of all the major expenditure categories in September 2017, including transportation & communication (up 2.3% yoy), tobacco & alcoholic beverages (up 2.1% yoy), raw food & energy (up 1.8% yoy), non-food & beverages (up 1.3% yoy), housing & furnishing (up 1.1% yoy), recreation & education (up 0.5% yoy), medical & personal care (up 0.2% yoy), food & non-alcoholic beverages (up 0.1% yoy) and apparel & footwear (up 0.1% yoy)¹⁷.

Retail in general: Central Group to buy Dean & DeLuca rights outside the U.S.

Thailand's retail giant Central Group will acquire the operation license of U.S. upscale café business Dean & DeLuca outside the U.S. from Thai luxury residential property developer Pace Development for US\$50 million. Under the deal, Central Group will be licensed to operate and expand the cafe business of Dean & DeLuca outside of the U.S., while Pace Development will continue to own the brand and run the chain in the U.S. and process the right to produce and distribute consumer products under the Dean & DeLuca trademark¹⁸.

Malaysia

E-commerce: Alibaba, JD.com reportedly compete to buy 11street Malaysia

Chinese e-commerce giants Alibaba and JD.com are reportedly competing to acquire Malaysia's second largest e-commerce platform 11street Malaysia, which is a joint venture business between Malaysia's largest telecommunication firm Celcom Axiata Berhad and SK Planet, an e-commerce subsidiary under South Korea's largest wireless carrier SK Telecom. It is said that 11street Malaysia mulls selling its business as SK Planet seeks to withdraw from the market. For Alibaba, taking over 11street Malaysia will further consolidate its leading position in the Malaysian e-commerce market as it already owns 83% of the country's top e-commerce site Lazada Malaysia. And for JD.com, the acquisition will instantly make it the second largest e-commerce player in Malaysia, just behind Alibaba's Lazada¹⁹.

Singapore

Statistics: Retail sales up 3.5% yoy in August 2017

Singapore's retail sales increased by 3.5% yoy in August 2017. By category, retail sales of petrol service stations, recreational goods and medical goods & toiletries rose 9.5% yoy, 8.3% yoy and 7.6% yoy respectively in August 2017, followed by supermarkets (up 6.3% yoy),

wearing apparel & footwear (up 6.1% yoy), department stores (up 4.3% yoy), computer & telecommunications equipment (up 4% yoy), furniture & household equipment (up 3.8% yoy) and motor vehicles (up 2.8% yoy). By contrast, retail sales of optical goods & books declined by 4.1% yoy in August 2017, followed by food retailers (down 2.1% yoy), mini-marts & convenience stores (down 1.1% yoy) and watches & jewellery (down 0.4% yoy)²⁰.

Shopping malls: SingPost Center opens doors to public

SingPost, the state-owned postal service provider in Singapore, has recently launched its redeveloped shopping mall SingPost Center, a lifestyle destination next to the Paya Lebar MRT interchange station. More than being home to Singapore's General Post Office, the five-storey mall houses up to 130 retail stores across 178,000 sqft, covering fashion, dining, entertainment, fitness and children's amusement, with some tenants engaging shoppers with innovative technology. For example, Singapore's largest supermarket chain NTUC FairPrice has launched a new mobile app enabling shoppers to find the shortest route to the product they want and has set up an experiential corner in the mall where shoppers can try out new products using augmented reality and virtual reality²¹.

Convenience stores: 7-Eleven Singapore ends venture with Shell

Convenience chain store 7-Eleven Singapore has terminated its 11-year partnership with oil giant Shell. The oil company regards the termination of partnership as part of its long-term strategy to rebrand its petrol stations through introducing its own Shell Select and Deli by Shell convenience outlets in the city.

Following the divorce from Shell, 7-Eleven will also shut down all its 56 convenience stores at Shell petrol stations in early 2018.

Meanwhile, the retailer plans to roll out 80 stores by the end of 2018, with 30 stores to open by the end of 2017 and another 50 to open in 2018²².

Beauty and personal care: Lancome opens its first experiential pop-up store at Singapore's Changi Airport

Lancome, an upscale beauty brand under French beauty giant L'Oreal, has set up a Holiday Wonders pop-up store at Singapore's Changi Airport in collaboration with South Korean major duty-free player The Shilla Duty Free and Changi Airport Group. It is the first-ever beauty pop-up store at the airport and also the first of its kind for brand. Running until 10 November 2017 at the Departure Transit Hall (Central), the store, more than housing its skincare and makeup lines, offers digital shopping experience by introducing Lancome's augmented-reality virtual makeover app and Virtual Mirror²³.

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