

# Asia (ex-China) Retail & E-commerce

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Asia Distribution & Retail

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## Asia at a Glance



**E-commerce: Lazada ties up with Taobao, Redmart, Uber and Netflix on loyalty program**

Lazada, Alibaba-backed e-commerce website in Southeast Asia, has paired up with Alibaba's online marketplace Taobao, online grocer Redmart, on-demand ride service provider Uber and online entertainment company Netflix to jointly create an online loyalty rewards program – LiveUp. The loyalty program targets consumers who primarily go online for shopping, food delivery, transportation and entertainment. By paying an annual fee of US\$20, consumers can enjoy benefits such as six months of Netflix streaming services, discounts on Uber rides and free delivery on Lazada or Taobao purchases<sup>1</sup>.

**E-commerce: Singapore online grocer Honestbee steps up Thai expansion**

Honestbee, Singapore's online grocery and concierge service provider, is ramping up its presence in Thailand with a view to capitalize on the thriving e-commerce market. The company has increased its budget for the Thailand market in 2017 to increase the number of local staff, optimize IT infrastructure and fund various marketing activities, while focusing on improving the efficiency and speed of its delivery service. Targeting millennials, housewives, and multi-generational family households with high purchasing power, Honestbee has over 10,000 users in Thailand<sup>2</sup>.

## Japan



**Statistics: Retail sales up 2.1% yoy in March 2017**

Japan's retail sales advanced 2.1% yoy in March 2017. The growth was driven by an increase in retail sales of fuel (up 14.8% yoy), motor vehicles (up 8.9% yoy), machinery & equipment (up 4.5% yoy), medicine & toiletry (up 3.3% yoy) and food & beverages (up 0.1% yoy). By contrast, retail sales of fabrics apparel & accessories, general merchandise and non-store retailers fell 4.4% yoy, 3.1% yoy and 2% yoy respectively in March 2017<sup>3</sup>.

**Shopping malls: Ito-Yokado to open first shopping mall in China in Chengdu**

Ito-Yokado, a Japanese general merchandise retailer, will open its first shopping mall in China at Greenland Centre, Chengdu. Scheduled to open in 2018, the new shopping mall will be the largest Ito-Yokado's branch in China, covering a floor area of 80,000 sqm<sup>4</sup>.

**Apparel: Mizuno forays into the U.S. with experiential store**

Mizuno, a Japanese sportswear and sport equipment retailer, has made a debut in the U.S., launching a Mizuno Experience Centre at lifestyle destination The Battery Atlanta. Aiming to offer personalized and customized services in a premium and immersive shopping environment, the experience centre engages customers with interactive displays using RFID technology and specialized labs

for each sport, enabling customers to touch, test and purchase sport gear custom fit for them<sup>5</sup>.

### Luxury: Fendi unveils new flagship store in Tokyo and offers made-to-order service

Italian luxury fashion house Fendi has opened a new flagship store Fendi Ginza in the upmarket area of Ginza, Tokyo. Spreading across four floors including a basement, the flagship store houses one of the largest collections of Fendi's menswear and womenswear in Japan. Apart from stocking read-to-wear items, furs and leather goods including shoes and accessories, the store also offers its first made-to-order furwear service in the country<sup>6</sup>.

### Luxury: Valentino opens mega flagship store at Ginza Six

Italian luxury fashion brand Valentino has opened a new flagship store in Tokyo's luxury shopping complex Ginza Six. The new store, covering 1,330 sqm across five stories, is one of Valentino's largest flagship stores in the world. It showcases the complete Valentino's collections of women's and men's wear plus accessories, bags, footwear and fragrances. Entering Japan in 1974, Valentino now boasts four branches in Tokyo, including the new flagship store<sup>7</sup>.

## South Korea

### Statistics: GDP up 0.9% qoq in 1Q17

South Korea's economy expanded 0.9% qoq in 1Q17, due mainly to an increase in construction investment and exports. On the expenditure side, construction investment, facilities investment, imports and exports rose 5.3% qoq, 4.3% qoq, 4.3% qoq and 1.9% qoq respectively in 1Q17. On the production side, agriculture, forestry & fishing production, construction, manufacturing and services grew 6.4% qoq, 4% qoq, 2% qoq and 0.1% qoq respectively in 1Q17, while electricity, gas & water contracted 2.2% qoq<sup>8</sup>.

### Statistics: Consumer sentiment index up 4.5 points mom in April 2017

South Korea's consumer sentiment index added 4.5 point mom in April 2017. The growth was mainly attributable to a rise in consumer sentiment in all six major consumer survey components, including prospective domestic economic conditions (up 12 points mom), current domestic economic conditions (up 10 points mom), prospective living standards (up 3 points mom), prospective household spending (up 2 points mom), current living standards (up 1 point mom) and prospective household income (up 1 point mom)<sup>9</sup>.

## Retail technology: Lotte Department Store introduces robot shopping assistant

South Korea's Lotte Department Store has introduced a robot shopping assistant el Bot at its Myeongdong outlet. The 1.2 m-tall robot assistant is capable of providing shoppers instructions on how to use a 3D virtual fitting service that Lotte launched in 2016 as well as giving customers directions to restaurants inside the department store. Foreigners can also use the robot assistant to connect with Lotte's human assistants for a voice or video call. Lotte hopes the launch of robot assistant can offer shoppers a whole new level of fun and convenience, adding that it will continue to develop ICT-integrated services to enhance shopping experience<sup>10</sup>.

## Duty-free shops: South Korean duty-free sales down 19% mom in March 2017

South Korea's duty-free sales dropped 19% mom in March 2017, due chiefly to China's retaliation against South Korea's deployment of a U.S. antimissile system. Overall sales of duty-free shops in South Korea declined to 1.06 trillion won (US\$930 million) in March 2017 from 1.305 trillion won in February 2017. Sales of duty-free shops backed by foreign tourists shrank 29.2% yoy in March 2017, as the number of Chinese tourists going to South Korea plunged almost 40% yoy<sup>11</sup>.

## Duty-free shops: Shilla Duty Free launches mobile app, online mall targeting Japanese shoppers

Shilla Duty Free, a major duty-free operator in South Korea, has rolled out a mobile app and an online shopping mall catering to Japanese shoppers. The move aims to nullify the plunge in Chinese tourists following Chinese travel

agencies halted sales of tour package to South Korea as part of Chinese government retaliation against South Korea's deployment of a U.S. missile defense system. The new app and online shopping mall will allow Japanese shoppers to use LINE messenger to conduct online transactions<sup>12</sup>.

## E-commerce: Samsung Pay early access program arrives in Hong Kong

South Korean tech giant Samsung has rolled out an early access program for Samsung Pay in Hong Kong in partnership with local banks. Users of American Express, Citibank, Dah Sing Bank and Standard Chartered Bank cards can sign up for the early access program. The service is expected to launch more widely in 2Q17, providing support for other card issuers including Bank of China (Hong Kong). Samsung Pay has so far launched in 12 markets worldwide, with early access available in a further four. Over 240 million transactions have been made with Samsung Pay over the past 18 months<sup>13</sup>.



## Statistics: Retail sales up 1.7% yoy in March 2017

Taiwan's retail sales increased by 1.7% yoy in March. By category, retail sales of fuel products, medical goods & cosmetics and general merchandise grew 19.1%, 7.6% and 3.4% yoy respectively in March 2017, followed by motor vehicles (up 1.6% yoy) and food, beverages & tobacco products (up 1.3% yoy). By contrast, retail sales of building materials,

household supplies, information, communication equipment & electrical household appliance and education & recreation fell 9.7% yoy, 7.3% yoy, 3% yoy and 1.5% yoy respectively in March 2017<sup>14</sup>.

### Personal electronics: Apple to unveil first Taiwan store in Taipei 101 mall

U.S tech giant Apple will reportedly open its first retail store in Taiwan at Taipei 101 mall. The new store will be located on the first basement level of the mall, covering a floor area of 1,322 sqm. It will follow Apple's new retail design as those launched across the U.S. Currently, Apple owns about 500 retail stores in 19 countries worldwide, plus online stores available in 39 countries<sup>15</sup>.

## Thailand

### Convenience stores: Thai conglomerate to buy 7-Eleven Indonesia

Charoen Pokphand Indonesia, a subsidiary of Thai trading conglomerate Charoen Pokphand will acquire 7-Eleven Indonesia's controlling company Modern Sevel Indonesia for US\$75 million. Modern Sevel currently boasts about 175 7-Eleven stores in Indonesia, mostly in Jakarta. For Charoen Pokphand, it now operates over 9,500 7-Eleven stores in Thailand<sup>16</sup>.

## Malaysia

### Statistics: CPI up 5.1% yoy in March 2017

Malaysia's consumer price index advanced 5.1% yoy in March 2017. The rise was due largely to a growth in prices of transport (up 23% yoy), food & non-alcoholic beverages (up 4.1% yoy), recreation services & culture (3% yoy), healthcare (up 2.6% yoy), restaurants & hotels (up 2.3% yoy), housing, water, electricity, gas & other fuels (up 2.1% yoy), education (up 1.7% yoy), furnishings, housing equipment & routine household maintenance (up 1.5% yoy) and miscellaneous goods & services (up 1.3% yoy) in March 2017. By contrast, prices of clothing & footwear slid 0.2% yoy in March 2017<sup>17</sup>.

### E-commerce: Malaysia's online sales surge in 2016

Malaysians are spending more online in 2016, according to Malaysian payment service provider iPay88. Taking up 70% of Malaysia's e-commerce market, iPay88 recorded 38.2 million online transactions via its payment portal in 2016, a surge of 161% from 14.6 million in 2015. Major product categories purchased online include apparel and footwear (RM25.3 million, or US\$5.7 million), accessories and jewellery (RM5.1 million), and electronics and sports equipment (RM3.3 million). iPay88 also noted that online shopping spikes during weekdays, with two daily peak times, respectively 11am to 3pm and 7pm to 11pm, with Wednesdays, Thursdays and Fridays as the most popular days for online shopping<sup>18</sup>.

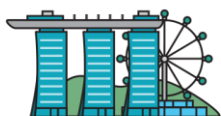
## E-commerce: DHL eCommerce launches domestic delivery operations in Malaysia

DHL eCommerce, the e-commerce affiliate of global logistic firm DHL Group, has launched its domestic delivery operations in Malaysia, providing an array of customer-centric services for Malaysia's booming e-commerce market. The company will set up a 48,000 sqft central distribution hub in Puchong as well as depots in Penang, Johor Bahru, Cheras and Puchong, along with a fleet of 2-wheel and 4-wheel vehicles. To provide best-in-class domestic delivery, DHL eCommerce's end-to-end domestic delivery solutions will offer pick-up services, track and trace, reverse logistics, cash on delivery with daily remittance and call center capabilities for deliveries within Malaysia<sup>19</sup>.

## Beauty and personal care: Procter & Gamble to build digital innovative hub in Singapore

Procter & Gamble (P&G), a beauty and personal care giant from the U.S., will spend 93 million euros over the next five years to build its first digital innovative centre in Singapore. In collaboration with Singapore's government agency Economic Development Board, the new centre aims to create a digital and e-commerce platform that will contribute significantly to supply chain management, e-analytics and e-business. P&G believes that the digital hub will better position P&G and Singapore to capture future opportunities in the digital economy<sup>21</sup>.

## Singapore



### Statistics: CPI up 0.7% yoy in March 2017

Singapore's consumer price index moved up by 0.7% yoy in March 2017. By category, prices of transport, education, healthcare, household durables & services and food rose 4.5% yoy, 3.6% yoy, 2.8% yoy, 1.6% yoy and 1.3% yoy respectively in March 2017. By contrast, prices of housing & utilities, clothing & footwear and communication shrank 3.2% yoy, 0.9% yoy and 0.4% yoy respectively in March 2017<sup>20</sup>.

# Endnotes

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