



Asia (ex-China) Retail & E-commerce

Biweekly Updates

16 September – 30 September 2018

Asia at a glance *p2*

- Retail logistics: DHL eCommerce launches cash-on-delivery service in Southeast Asia
- E-commerce: Singapore's online marketplace Shopee launches Shopee For Men in Thailand
- Apparel and footwear: Uniqlo's sister brand GU debuts in South Korea

Japan *p2*

- E-commerce: Amazon sets up innovative hub in Tokyo

South Korea *p2*

- Convenience stores: Lotte and Shinsegae vie to buy Ministop South Korea
- Convenience stores: GS Retail launches smart convenience store
- E-commerce: Beauty e-tailer Beautytap opens first physical store in California
- E-commerce: South Korea's beauty e-tailer Memebox partners with Sephora to launch new cosmetics line Kaja
- Apparel and footwear: French sports goods retailer Decathlon taps South Korean market
- Apparel and footwear: SK Holdings to invest US\$31 million into U.S fashion brand Rails

Taiwan *p4*

- E-commerce: Facebook to scale up operations in Taiwan

Thailand *p4*

- Shopping malls: Bangkok's mega commercial project Icon Siam to open in November
- Shopping malls: U.S. shopping mall operator Simon Property to enter Thailand in tie-up with local property developer Siam Piwat
- Hypermarkets: Big C forms supply partnership with U.K. grocer Morrisons

- Apparel and footwear: Polish sportswear brand 4F enters Thailand

Malaysia *p5*

- Duty-free shops: Malaysia Airports issues retail tenders for KLIA

Singapore *p5*

- E-commerce: WeChat Pay partners with Singapore malls to launch its payment service
- Apparel and footwear: U.S. footwear retailer Foot Locker enters Singapore

India *p5*

- Retail technology: India's technology startup Nayasale Retail opens the first automated, cashier-free retail store in India
- E-commerce: Amazon plans over 50 fulfillment centres in 13 Indian states
- E-commerce: Flipkart reportedly in talks to invest in local video streaming service provider Hotstar
- E-commerce: Flipkart buys Israel-based tech startup Upstream Commerce
- E-commerce: Online grocery retailers BigBasket, Grofers reportedly restore merger talks
- E-commerce: Social e-commerce platform Meesho reportedly in talks to raise new funds
- E-commerce: Paytm secures US\$300 million from Berkshire Hathaway

Contacts:

Teresa Lam, Tracy Chan

Asia Distribution & Retail

 FUNG BUSINESS INTELLIGENCE

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

Asia at a Glance

Retail logistics: DHL eCommerce launches cash-on-delivery service in Southeast Asia

DHL eCommerce has rolled out a cross-border cash-on-delivery service targeting Southeast Asian customers. The new service, which allows cash collection upon delivery, enables merchants in China and Australia to better serve consumers in Malaysia, Thailand and Vietnam who do not have credit cards or even a bank account – an estimated 73% of the region's population¹.

E-commerce: Singapore's online marketplace Shopee launches Shopee For Men in Thailand

Singapore-based online shopping site Shopee has rolled out a new in-app shop – Shopee for Men in Thailand. As a one-stop portal for male customers, Shopee for Men offers over 20,000 products from 300-plus retailers, including top fashion brands such as Asus, Bosch and Converse. With the new launch, Shopee hopes to boost the number of its male users and take a further step to become the number one online shopping website in Thailand².

Apparel and footwear: Uniqlo's sister brand GU debuts in South Korea

GU, a sister brand of Uniqlo, has recently made foray into South Korea by opening its first local store in the Lotte World Mall in Southern Seoul. Covering 1,390 sqm in the mall's basement, the debut store houses 11 sections divided by gender, age and apparel ranging from sportswear, pajamas to suits and

business casual clothing³.

Japan



E-commerce: Amazon sets up innovative hub in Tokyo

U.S. e-commerce giant Amazon has set up a permanent innovative hub in Tokyo as part of its effort to further expand its operations and accelerate technological innovations in Japan. Named Amazon Web Services Loft Tokyo (AWS Loft Tokyo), the new hub is Amazon's first permanent hub in Asia and the third one in the world, following those in San Francisco in 2014 and New York in 2015. Dedicated to helping startups and entrepreneurs develop cutting-edge digital-based businesses through Amazon's cloud services, AWS Loft Tokyo will start operating from 1 October, 2018⁴.

South Korea



Convenience stores: Lotte and Shinsegae vie to buy Ministop South Korea

South Korea's retail giants Lotte and Shinsegae are competing to acquire Ministop South Korea, a Japanese convenience store operator which is 76% owned by Japan's retail giant Aeon. To expand their local convenience store networks, Lotte, which owns 9,535 7-Eleven stores in South Korea, and Shinsegae, with 3,413 Emart 24 stores, are seeking to take the full ownership of Ministop South

Korea. Operating some 2,535 stores, Ministop South Korea generated sales of 1.18 trillion won (US\$1 billion) in 2017, making it the fourth largest CVS chain South Korea, just behind GS25, CU and 7-Eleven⁵.

Convenience stores: GS Retail launches smart convenience store

South Korea's major convenience store operator GS Retail has launched a smart convenience store using facial recognition technology. With the face-detecting technology, shoppers can check in and out of the store and purchase items with their face. A checkout counter is also available to scan the image and weight of products for payment rather than using a barcode⁶.

E-commerce: Beauty e-tailer Beautytap opens first physical store in California

South Korea's beauty e-tailer Beautytap has launched its first physical store in California. Located at South Coast Plaza in Costa Mesa, the new store is a one-stop destination for South Korean cosmetics products, beauty education, advice, content, community engagement. The company has also launched an e-commerce site for the U.S. market offering free delivery within 3-5 days in the country⁷.

E-commerce: South Korea's beauty e-tailer Memebox partners with Sephora to launch new cosmetics line Kaja

South Korea's beauty e-tailer Memebox has teamed up with French beauty retailer Sephora to launch a new cosmetics line Kaja. The new brand will offer 47 products for

complexion, eyes, and lips, with prices ranging from US\$14 to US\$24. Kaja's products are currently available on Sephora's online stores and in 58 selected Sephora stores⁸.

Apparel and footwear: French sports goods retailer Decathlon taps South Korean market

French sports goods retailer Decathlon has opened its first store in South Korea in Songdo. In addition to opening the 7,800-sqm debut store, the retailer has also launched its South Korean e-commerce platform and planned to have four more outlets in the country within two years. Currently, Decathlon runs 1,415 stores across 47 countries worldwide⁹.

Apparel and footwear: SK Holdings to invest US\$31 million into U.S fashion brand Rails

South Korea's trading conglomerate SK Holdings plans to invest 35 billion won (US\$31 million) into Log Angeles-based fashion brand Rails. Well-noted for its high-quality blouses, Rails is regarded as one of the fastest-growing fashion brands in the U.S. In 2017, SK Holdings also invested US\$60 million in two North American clothing brands – Canada's down jacket brand Mackage and U.S. fashion brand Alice+Olivia¹⁰.

Taiwan



E-commerce: Facebook to scale up operations in Taiwan

U.S. social networking company Facebook plans to expand its Made by Taiwan program in Taiwan. The program, first launched in Taiwan in 2017, aims to help local businesses to capture a bigger slice in the global market and nurture digital-tech talents. Starting from 2019, Facebook will expand the project by launching nine programs to advance the development of the domestic economy. It will also help domestic businesses connect with global customers and provide marketing courses about how to effectively use Facebook to build business for the international market¹¹.

Thailand



Shopping malls: Bangkok's mega commercial project Icon Siam to open in November

Bangkok's mega shopping complex will be opened on 9 November, 2018. Covering 750,000 sqm, the US\$1.67-billion development is home to two shopping centres, with tenants from about 188 brands from around the world. It will also house an ultra-luxury 25,000-sqm glass pavilion named IconLuxe, featuring 14 flagship stores of

internationally renowned brands¹².

Shopping malls: U.S. shopping mall operator Simon Property to enter Thailand in tie-up with local property developer Siam Piwat

U.S. shopping mall operator Simon Property will open its first premium outlet in Thailand in tie-up with local property developer Siam Piwat. Located in Bangkok, the new outlet will be opened by the end of 2019. In Southeast Asia, Simon Property has opened an outlet in Malaysia's Johor and new property in Genting Highlands¹³.

Hypermarkets: Big C forms supply partnership with U.K. grocer Morrisons

Thailand's major hypermarket chain Big C has entered into a supply partnership with U.K. supermarket operator Morrisons. Under the deal, Morrisons will launch 100 branded products in Big C stores, while Big C will represent a major international partner for Morrisons¹⁴.

Apparel and footwear: Polish sportswear brand 4F enters Thailand

Polish sportswear brand 4F has opened its first store in Thailand at Siam Discovery shopping mall in Bangkok. Local agent Sport Lifestyle Lab believes that introducing 4F to the market can help them cash in on the country's growing athleisure trend and Siam Discovery, which is a perfect central location for young Thais to shop, can give tremendous exposure and opportunity for 4F to grow¹⁵.

Malaysia



Duty-free shops: Malaysia Airports issues retail tenders for KLIA

Malaysia Airports has issued 14 tenders for Kuala Lumpur International Airport (KLIA) retail space covering over 2,000 sqm retail space in the main terminal building. The tenders are part of KLIA revamp works in the main terminal building. Upon the upgrade, the new retail layout at KLIA will be divided into five new zones – duty free zone, fashion avenue, 'retailtainment', sense of place, and F&B¹⁶.

Singapore



E-commerce: WeChat Pay partners with Singapore malls to launch its payment service

WeChat Pay, a mobile payment app under China's internet giant Tencent, has partnered with Bugis Junction and Bugis+ malls in Singapore to launch its mobile payment service in the city, marking WeChat Pay's first mall partnership in Singapore. In addition to launching WeChat Pay, the two malls will also offer customized promotions and exclusive campaigns for WeChat users¹⁷.

Apparel and footwear: U.S. footwear retailer Foot Locker enters Singapore

U.S. footwear retailer Foot Locker has made foray into Singapore with two new openings in Century Square and Jem mall. Featuring an extensive range of multi-brand footwear, the retailer plans to have three stores in the city in 2018, with the third scheduled to open at Suntec City in October 2018. Currently, Foot Locker operates over 3,270 stores across 25 countries worldwide¹⁸.

India



Retail technology: India's technology startup Nayasale Retail opens the first automated, cashier-free retail store in India

India's technology startup Nayasale Retail Pvt. Ltd. has recently launched the first automated, cashier-free retail store in India. Featuring AI, computer vision and sensor technologies, the automated store, named Watasale, allows shopper to enter and exit the store, as well as purchase items by just scanning the QR code generated through the Watasale app, which is also connected to the shopper's prepaid e-wallet account¹⁹.

E-commerce: Amazon plans over 50 fulfillment centres in 13 Indian states

U.S. e-commerce giant Amazon targets to have more than 50 fulfillment centres in 13 states across India by end 2018, looking to enhance customer experience ahead of the festive season. Currently, the company has four large-scale fulfillment centres in India, with the largest one in Karnataka, plus over 200 Amazon Logistics Stations and 25

logistics core stations²⁰.

E-commerce: Flipkart reportedly in talks to invest in local video streaming service provider Hotstar

Flipkart reportedly has held talks to acquire a stake local video streaming service provider Hotstar. The move is part of Flipkart strategy to tap the video streaming service and attract more online consumers and shoppers. Flipkart already has some ties with Hotstar; it launched a new video advertisement platform with Hotstar in July 2018²¹.

E-commerce: Flipkart buys Israel-based tech startup Upstream Commerce

India's largest online retailer Flipkart has acquired Israel-based analytics startup Upstream Commerce, a move to support Flipkart's massive seller base with services such as real-time pricing and information on product assortment. The deal is Flipkart's second acquisition in recent months, following the e-commerce giant's takeover of local AI startup Liv.ai in August 2018²².

E-commerce: Online grocery retailers BigBasket, Grofers reportedly restore merger talks

India's online grocery startups BigBasket and Grofers reportedly have restored talks for a merger as their investors Alibaba and SoftBank look to join hands. If the merger goes through, the combined entity could secure US\$250 million from Alibaba, while SoftBank and other investors could inject more capital into the entity²³.

E-commerce: Social e-commerce platform Meesho reportedly in talks to raise new funds

India's social e-commerce startup Meesho is reportedly in talks to raise a new round of funding from Russian investment company DST Global. The Bengaluru-based company has so far secured roughly a total of US\$15 million in capital, including US\$11.5 million in a series-B funding round joined by Sequoia India, SAIF Partners, Y Combinator and Venture Highway. Founded in 2015, it operates as an online marketplace that connects resellers directly with raw material suppliers using social media services such as WhatsApp and Facebook; it also connects individual merchants and small businesses with customers²⁴.

E-commerce: Paytm secures US\$300 million from Berkshire Hathaway

One97 Communication, the holding company of India's digital payment service provider Paytm, has raised US\$300 million from Warren Buffett's Berkshire Hathaway Inc, according to regulatory documents sourced by India's new agency Paper.vc. The deal marks Berkshire Hathaway's first investment in India's e-commerce company and regarded as a boost for the country's startup industry²⁵.

Endnotes

- ¹ “DHL eCommerce launches cash on delivery service for cross border e-commerce”, 17 September 2018. DHL.
<https://www.logistics.dhl/au-en/home/press/press-archive/2018/dhl-ecommerce-launches-cash-on-delivery-for-cross-border-e-commerce.html>
- ² “Shopee For Men launched”, 20 September 2018. The Nation.
<http://www.nationmultimedia.com/detail/breakingnews/30354898>
- ³ “G.U has its button on the trends”, 17 September 2018. Retail in Asia.
http://retailinasia.com/in-markets/japan-korea/korea/g-u-has-its-button-on-the-trends/?utm_medium=email&utm_campaign=180917%20Newsletter&utm_content=180917%20Newsletter+CID_598832f14128c75c2b5a049f3466ae95&utm_source=Newsletter&utm_term=GU%20has%20its%20button%20on%20the%20trends
- ⁴ “Amazon opens innovation hub”, 19 September 2018. The Japan News.
<http://the-japan-news.com/news/article/0004747787>
- ⁵ “Lotte, Shinsegae in race to acquire Ministop”, 19 September 2018. The Investor.
<http://www.theinvestor.co.kr/view.php?ud=20180919000598>
- ⁶ “GS Retail opens smart convenience store”, 18 September 2018. Inside Retail Asia.
<https://insideretail.asia/2018/09/18/gs-retail-opens-smart-convenience-store/#daily>
- ⁷ “Popular Korean web retailer Beautytap opens first physical store at South Coast Plaza” 18 September 2018. Los Angeles Times.
<http://www.latimes.com/socal/daily-pilot/entertainment/tn-wknd-et-beauty-tap-20180918-story.html>
- ⁸ “K-beauty retailer Memebox and Sephora create new Kaja cosmetics line”, 19 September 2018. Fashion Network.
<http://us.fashionnetwork.com/news/K-beauty-retailer-Memebox-and-Sephora-create-new-Kaja-cosmetics-line,1015563.html#.W6vMxGgzaUk>
- ⁹ “Decathlon to launch first Korean store this week”, 12 September 2018. Yonhap News Agency.
<http://english.yonhapnews.co.kr/news/2018/09/12/0200000000AEN20180912006851320.html>
- ¹⁰ “SK Holdings to invest \$31 mn in U.S. fashion brand Rails”, 26 September 2018. Pulse by Maeil Business News Korea.
<https://pulsenews.co.kr/view.php?year=2018&no=602541>
- ¹¹ “Facebook to expand operations in Taiwan”, 27 September 2018. Focus Taiwan.
<http://focustaiwan.tw/news/aeco/201809270015.aspx>
- ¹² “IconSiam due to open November 9”, 19 September 2018. The Nation.
<http://www.nationmultimedia.com/detail/Corporate/30354799>
- ¹³ “Simon Property to open Thai outlet malls with Siam Piwat”, 19 September 2018. Inside Retail Asia.
<https://insideretail.asia/2018/09/19/simon-property-to-open-thai-outlet-malls-with-siam-piwat/#daily>
- ¹⁴ “UK’s Morrisons seals supply deal with Big C”, 17 September 2018. Inside Retail Asia.
<https://insideretail.asia/2018/09/17/uks-morrisons-seals-supply-deal-with-big-c/#daily>
- ¹⁵ “Looking sporty with 4F”, 25 September 2018. The Nation.
<http://www.nationmultimedia.com/detail/shopping/30355133>
- ¹⁶ “Malaysia Airports outlines details of 14 retail tenders for Kuala Lumpur International Airport”, 20 September 2018. CAPA.

<https://centreforaviation.com/news/malaysia-airports-outlines-details-of-14-retail-tenders-for-kuala-lumpur-international-airport-842310>

¹⁷ “WeChat Pay embarks on first mall partnership in Singapore with Bugis Junction and Bugis+”, 27 September 2018. E27.co.

<https://e27.co/wechat-pay-embarks-the-first-mall-partnership-in-singapore-with-bugis-junction-and-bugis-20180926/>

¹⁸ “Foot Locker Asia opens stores in Hong Kong, Singapore”, 20 September 2018. Inside Retail Asia.

<https://insideretail.asia/2018/09/20/foot-locker-asia-opens-stores-in-hong-kong-singapore/#daily>

¹⁹ “India’s First Automated Cashier-Free Store Opens in Kochi”, 11 September 2018. Little India.

<https://littleindia.com/indias-first-automated-cashier-free-store-opens-in-kochi/>

²⁰ “Amazon India eyes more than 50 FCs in 13 states by year end”, 19 September 2018. IBEF.

https://www.ibef.org/news/amazon-india-eyes-more-than-50-fcs-in-13-states-by-year-end?utm_source=phplist1086&utm_medium=email&utm_content=HTML&utm_campaign=India+News+Alert%3A+Government+of+Jammu+and+Kashmir+rolls+out+its+maiden+%27Start-Up+Policy+2018%27%3B+Corporate+India%27s+salaries+and+wages+rose+12.6+per+cent+y-o-y+between+April-June+2018

²¹ “India: Flipkart eyes stake in Hotstar to enter video streaming arena”, 17 September 2018. Deal Street Asia.

https://www.dealstreetasia.com/stories/flipkart-stake-hotstar-106727/?utm_source=DealStreetAsia%3A+The+Daily+Brief&utm_campaign=a8a91b377e-EMAIL_CAMPAIGN_2018_09_18_01_10&utm_medium=email&utm_term=0_0fa50e40c1-a8a91b377e-246476629&mc_cid=a8a91b377e&mc_eid=c7b9fe7723

²² “Flipkart acquires Israel-based start-up Upstream Commerce”, 25 September 2018. Livemint.com.

<https://www.livemint.com/Companies/4G9JiFNxPxRukRX0Sqe4N/Flipkart-acquires-Israelbased-startup-Upstream-Commerce.html>

²³ “India: Grocery delivery startups BigBasket, Grofers revive merger talks”, 17 September 2018. Deal Street Asia.

https://www.dealstreetasia.com/stories/bigbasket-grofers-merger-106713/?utm_source=DealStreetAsia%3A+The+Daily+Brief&utm_campaign=a8a91b377e-EMAIL_CAMPAIGN_2018_09_18_01_10&utm_medium=email&utm_term=0_0fa50e40c1-a8a91b377e-246476629&mc_cid=a8a91b377e&mc_eid=c7b9fe7723

²⁴ “Social e-commerce startup Meesho in talks to raise funding from DST Global”, 17 September 2018. Deal Street Asia.

https://www.dealstreetasia.com/stories/meesho-funding-dst-global-106693/?utm_source=DealStreetAsia%3A+The+Daily+Brief&utm_campaign=11f18989be-EMAIL_CAMPAIGN_2018_09_17_01_02&utm_medium=email&utm_term=0_0fa50e40c1-11f18989be-246476629&mc_cid=11f18989be&mc_eid=c7b9fe7723

²⁵ “India’s Paytm raises \$300m from Berkshire Hathaway, regulatory filings confirm”, 28 September 2018. Deal Street Asia.

https://www.dealstreetasia.com/stories/paytm-funding-berkshire-hathaway-107546/?utm_source=DealStreetAsia%3A+The+Daily+Brief&utm_campaign=048c3de548-EMAIL_CAMPAIGN_2018_09_28_01_02&utm_medium=email&utm_term=0_0fa50e40c1-048c3de548-246476629&mc_cid=048c3de548&mc_eid=c7b9fe7723

Fung Business Intelligence

Fung Business Intelligence collects, analyzes and interprets market data on global sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

