

Asia (ex-China) Retail & E-commerce

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Asia at a Glance



E-commerce: Southeast Asian consumers require fast-loading websites

Southeast Asian online shoppers require fast-loading websites and personalized web experience. U.S. delivery provider Limelight Networks, which surveyed 1,600 adults in Malaysia, Thailand, Singapore and the Philippines to study online experience of users in Southeast Asia, found that 43% of consumers in the Southeast Asian region said that they would leave a website and turn to a competitor if a webpage takes too long to load, while 84% of respondents replied they expect equally fast loading times across all devices. Meanwhile, 67% of consumers in Southeast Asia want a personalized online experience, such as a website remembering their details and making recommendations based on previous visits¹.

Japan



Statistics: Retail sales up 0.1% yoy in February 2017

Japan's retail sales added 0.1% yoy in February 2017. By category, retail sales of fuel, motor vehicles and medicines & toiletry stores advanced 10% yoy, 4.8% yoy and 1.5% yoy respectively in February 2017. By contrast, sales of general merchandise, machinery & equipment, food & beverage and fabric apparel & accessories fell 5.1% yoy,

2.2% yoy, 1.5% yoy and 0.5% yoy respectively in February 2017².

Department stores: Matsuya goes online in China to serve repeat customers

Japan's upscale department store Matsuya has launched a self-operated online store in China, targeting Chinese shoppers who have been to its Ginza flagship store. The online store is backed by investments in advertising and promotional marketing; all stocks are shipped directly from Japan, instead of from a local warehouse. Currently, inbound Chinese travelers make up about 20% of Matsuya's store sales³.

Duty-free shops: Takashimaya Duty Free Shop to open in April 2017

Japan's department store operator Takashimaya and travel retailer ANA Trading, along with South Korean major duty-free player Shilla Hotel will jointly operate a new downtown duty free shop – Takashimaya Duty Free Shop in Shinjuku, Tokyo. The new store, covering 2,800 sqm on the 11th floor of the new Takashimaya Times Square, will be opened in late April 2017. Featuring Japanese cosmetics, the tax-free store will also house food, confectionery, souvenirs, fashion and electronics products from Japanese brands⁴.

E-commerce: Amazon Japan accepts UnionPay

Amazon Japan, the Japanese online marketplace of U.S. e-commerce giant Amazon, will start accepting UnionPay cards as a way to attract more Chinese shoppers across Asia to shop on its online marketplace.

The e-commerce company offered a simplified Chinese – language version portal in 2016 so as to cater Chinese shoppers' thriving demand for Japanese products, especially beauty, healthcare and baby products. Driven by the booming demand by Chinese shoppers, Amazon Japan's revenue surged 30% yoy to US\$10.8 billion in 2016⁵.

Accessories: Tissot to double outlets in Japan

Tissot, a Swiss watch maker under Swatch Group, plans to nearly double its store count to 300 in Japan over the next couple of years. The store expansion aims to boost its brand awareness in Japan, one of the most important markets of Tissot. Tissot currently distributes its product via about 170 stores in Japan, including department stores and watch shops. It plans to expand its distribution network to about 220 locations in 2017⁶.

South Korea

Statistics: Consumer sentiment index up 2.3 points mom to 96.7 in February 2017

South Korea's consumer sentiment index moved up by 2.3 points mom to 96.7 in February 2017. The growth was due mainly to a rise in consumer sentiment in five major consumer survey components, namely prospective domestic economic conditions (up 7 points mom), current domestic economic conditions (up 4 points mom), prospective living standards (up 2 points mom), current living standards (up 1 point mom) and

prospective household income (up 1 point mom), while consumer sentiment regarding prospective household spending stayed unchanged in February 2017⁷.

Retail in general: Lotte affiliate to raise 360 billion won on setback in China

South Korea's retail giant Lotte Group has planned to raise a total of 360 billion won (US\$320 million) through stock disposal and loans to contain China's economic retaliation in protest over Seoul's deployment of a U.S. Terminal High Altitude Area Defense (THAAD) system. The fund will be used to finance the costs of buying products and paying wages to Lotte's employees in China. According to the retailer, around 90 Lotte branches, including Lotte Mart stores and Lotte's hypermarket chain, in China were forced to close down as Chinese consumers call for a boycott of South Korean goods as part of a backlash against South Korea providing land for a U.S. missile-defense system⁸.

Retail technology: Shinsegae Department Store adopts AI technology to attract consumers

South Korean major retailer Shinsegae Department Store has adopted AI technology to attract consumers, the first retailer in South Korea using the latest technology as a marketing tool. Through adopting the latest technology, the retailer has launched a personalized service named "S Mind", which can analyze each customer's brand preferences and provide product suggestions. Leveraging a database of about 5 million current customers, S Mind takes into account some 100 factors, including shopping history, gender, age, location, etc. Shinsegae expects

the new service will help generate additional sales revenue of 100 billion won each year⁹.

Shopping malls: South Korea to launch VR shopping mall

The South Korean government will launch a virtual reality (VR) shopping mall during the Korea Sale Festa, or South Korean Black Friday, in October 2017, according to South Korea's Ministry of Trade, Industry & Energy. Retailers will be invited to set up virtual stores at the VR shopping mall. Customers will be able to shop and place orders in the VR shopping mall and have their purchases delivered home. The government hopes that the VR shopping mall will create new business opportunities and a whole new market¹⁰.

E-commerce: German luxury fashion e-tailer MyTheresa.com to launch Korean-language website

MyTheresa.com, a German luxury online fashion retailer will launch a Korean-language website targeting South Korean consumers. The new website will feature luxury womenswear and accessories from international luxury fashion houses, including Chloe, Gucci, Miu Miu and Stella McCartney. It will offer free exchanges and returns within 30 days, including a free collection service and 72-hour deliveries, as a way to offer a more personalized service with a Korean-speaking customer service team. Established in 20016 and taken over by U.S. luxury department store operator Neiman Marcus Group, MyTheresa.com ships to over 120 countries worldwide, with websites available in Arabic, Chinese, English, French, German and Italian¹¹.

Apparel: Italian fashion brand Emilio Pucci makes debut in South Korea

Emilio Pucci, an Italian fashion brand, has launched its first store in South Korea at Galleria Luxury Hall East in Seoul. The debut store showcases the brand's ready-to-wear collections, silk accessories, handbags, shoes, small leather goods and beachwear items. Apart from South Korea, Emilio Pucci has also set up stores in Bangkok, Hong Kong, Kuala Lumpur and Tokyo¹².

Apparel: Hyundai Department Store to launch private label Under Rise

South Korean major retailer Hyundai Department Store will launch the first boutique for its new private label Under Rise. The debut store, covering over 400 sqm, will mainly offer fashion, accessories and lifestyle goods, targeting young and trendy consumers in their 20s and 30s. The retailer also plans to expand its offerings to cover cosmetics and stationery goods so as to attract more trend-conscious consumers¹³.

Taiwan

Statistics: Retail sales down 8.4% yoy in February 2017

Taiwan's retail sales dropped 8.4% yoy in February 2017. The decline was largely attributable to a contraction in retail sales of information and communications equipment & electrical household appliance (down 19.4%

yoy), fabric & clothing items (down 18.7% yoy), general merchandise (down 15.3% yoy), food, beverages & tobacco (down 13.6% yoy) and household supplies (down 8.3% yoy) in February 2017. Nevertheless, retail sales of fuel products and motor vehicles surged 26.4% yoy and 18.7% yoy respectively in February 2017¹⁴.

Thailand

E-commerce: Zara sells online in Thailand

Spanish fast fashion brand Zara has started selling online in Thailand in March 2017. The move came after the brand going online in Malaysia and Singapore. Following the launch in Thailand, the brand will also start selling online in Vietnam and then India in 2017. As of January 2017, Zara operated nearly 7,300 outlets in 93 countries¹⁵.

Malaysia

Statistics: CPI up 4.5% yoy in February 2017

Malaysia's consumer price index rose 4.5% yoy in February 2017. The growth was driven by a rise in prices of transport (up 17.9% yoy), food & non-alcoholic beverages (up 4.3% yoy), recreation services & culture (up 3.1% yoy), health (up 2.4% yoy), restaurants & hotels (up 2.3% yoy) and housing, water, electricity, gas

& other fuels (up 2.2% yoy) in February 2017¹⁶.

Department stores: M&S opens premium boutique in Malaysia

Marks & Spencer (M&S), a British chain department store, has launched its first ever premium boutique in Malaysia in Kuala Lumpur's Sunway Velocity Mall. More than stocking clothing and accessories across womenswear, menswear, childrenswear, lingerie and toiletries, the M&S boutique houses, covering over 10,600 sqft, also housing a food hall of over 800 lines coupled with an in-store bakery offering beverages and pastries baked onsite¹⁷.

Supermarkets: British-based Booths launches in Malaysia

Booths, a British supermarket operator, has teamed up with Hong Kong-listed retailer Dairy Farm to form a joint venture company in Malaysia. The partnership marks Booths' first overseas expansion. The new company will be focused on selling 40 of Booths' best-selling products, including chutneys, jams and puddings, via 19 retail locations in Malaysia. Booths currently boasts 34 supermarkets in Britain¹⁸.

E-commerce: Alibaba to set up distribution center in Malaysia

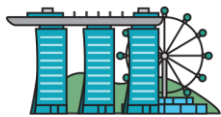
Alibaba, China's e-commerce giant, reportedly will open a distribution hub in KLIA Aeropolis, a planned airport city adjacent to Kuala Lumpur International Airport, as a move to support its growing business in Southeast Asia. The new distribution hub will mark

Alibaba's first investment in Malaysia. It will also be a key construction of the 1 million-sqm KLIA Aeropolis, which aims to create a regional distribution hub boosting air freight traffic and luring US\$1.58 billion of local and foreign investment¹⁹.

Personal electronics: Huawei opens flagship store in Kuala Lumpur

Huawei, China's largest smartphone maker, has opened its largest flagship store in Malaysia at Kuala Lumpur's Pavilion KL shopping mall. More than offering a range of smart devices including phones, tablets and wearables, the mega store also serves as a one-stop centre offering on-site services and send-for repair services, plus a private product consultation service²⁰.

Singapore



Statistics: Retail sales up 0.7% yoy in February 2017

Singapore's retail sales grew 0.7 yoy in February 2017. By category, retail sales of transport, education and healthcare increased by 4.2% yoy, 3.6% yoy and 2.6% yoy respectively in February 2017, followed by household durables & services (up 1.5% yoy), food (1.3% yoy), communication (up 0.7% yoy) and recreation & culture (up 0.5% yoy). However, sales of housing & utilities, miscellaneous goods & services and clothing & footwear shrunk by 3.1% yoy, 0.6% yoy and 0.2% yoy respectively in February 2017²¹.

Shopping malls: Singapore's Keppel takes majority stake in Saigon Centre

Singapore's trading conglomerate Keppel Corp has spent S\$53.5 million to increase its stake in Ho Chi Minh's City Saigon Centre to more than 50%, making it a major shareholder of the property. As a joint venture between Keppel and Vietnam's trading company Watco, Saigon Centre is a mixed-used commercial property comprising a shopping mall, Japan's Takashimaya department store, apartment and office space. Apart from Takashimaya, international brands including Nike, Adidas, Under Armour, Gap, Mango, Mochino, Nine West and Kenzo are also tenants of the mall²².

E-commerce: Lazada to launch new website to sell Taobao goods in Singapore

Lazada, the largest e-commerce player in Southeast Asia, will launch a new dedicated e-commerce website that links directly to Alibaba's largest online shopping platform Taobao, as a way to sell Taobao goods directly to Singapore, with 400,000 Taobao products available at the initial stage. The move marks the first collaboration between Lazada and Alibaba, which took control of the Southeast Asian e-commerce giant in 2016. Anticipating Amazon.com's foray into Southeast Asia in 2017, the two companies are looking to expand co-operation in the region²³.

Home products: China-based Miniso plans to add 20 new stores in Singapore

Miniso, a Chinese home product chain store, plans to add 20 new stores in Singapore by the end of 2017, increasing its store count in

the country to 46. The retailer has already established its retail presence in Hong Kong, Australia, Vietnam, Russia and Turkey²⁴.

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Fung Business Intelligence

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