

Asia (ex-China) Retail & E-commerce

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Asia Distribution & Retail

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Asia at a Glance



Apparel and footwear: Japan's multi-brand store Atmos makes debut in South Korea

Japan's multi-brand store Atmos has recently opened its first South Korean store in Seoul. It is the retailer's second overseas store after New York. The new store offers an extensive range of fashion items, with street and sportswear being its core products. Limited edition products of famous brands including Nike, Asics Tiger are also available in the store. Apart from the new store, Atmos currently operates over 30 stores in Japan and one store in New York, racking up annual sales of around 150 billion won¹.

Beauty and personal care: Asia takes the lead in global beauty products sales

Asia-Pacific beauty market registered a CAGR of 6% between 2012-2017, contributing 51% of global beauty product sales, according to global research agency Euromonitor International. Face moisturizers remain the largest segment of Asian beauty products industry, worth nearly US\$19 billion. In addition, face masks posted a CAGR of over 13% in 2012-2017, taking up US\$5 million of sales and is among popular choices for cosmetics shoppers².

Japan



Statistics: Retail sales up 2.2% yoy in November 2017

Japan's retail sales rose 2.2% yoy in November 2017. The growth was mainly attributable to an increase in sales of most of the major categories, including fuel (up 11.4% yoy), machinery & equipment (up 8.2% yoy), motor vehicles (up 4.6% yoy), fabric apparel & accessories (up 4.4% yoy), medicine & toiletry (up 2.5% yoy), general merchandise (up 0.3% yoy), non-store retailing (up 0.3% yoy) and food & beverages (up 0.2% yoy)³.

Statistics: CPI up 0.6% yoy in November 2017

Japan's consumer price index added 0.6% yoy in November 2017. By category, prices of fuel, light & water charges and medical care increased by 5.9% yoy and 1.6% yoy in November 2017, followed by transportation & communication (up 0.8% yoy), miscellaneous (up 0.5% yoy), education (up 0.4% yoy) and culture & recreation (up 0.3% yoy). By contrast, prices of furniture & household utensils, clothes & footwear, food and housing fell 0.5% yoy, 0.3% yoy, 0.1% yoy and 0.1% yoy respectively in November 2017⁴.

Discount stores: Don Quijote plans Asian expansion

Japan's discount store chain Don Quijote plans to ramp up its presence in Asia by adding more new outlets in the region. The retailer is looking to open stores in Hong Kong, Malaysia, Taiwan and Thailand. Following its debut opening in Singapore in December 2017, Don Quijote has decided to raise its store number to around 10 in the city within two to three years⁵.

E-commerce: Aeon Group to invest 500 billion yen in online retailing

Japan's retail giant Aeon will earmark 500 billion yen (US\$4.4 billion) for online retailing over the next three years. It also plans to double its investment for boosting its online business starting fiscal 2021. The retailer's massive investment in technologies and services to push into online retailing reflects the challenges its encounters along with other traditional retailers⁶.

E-commerce: Rakuten and Bic Camera to form joint venture company

Japan's e-commerce giant Rakuten and major consumer electronics retailer Bic Camera have teamed up to boost both offline and online retailing services. The two parties are set to sign a basic agreement for forming a joint venture in early 2018, aiming to launch their e-commerce website in April 2018. By setting up a joint e-commerce site with Rakuten, Bic Camera can provide improved services, such as easy booking for delivery and installation. For Rakuten, the tie-up with Bic Camera allows it to provide in-store shopping services for customers, gaining a competitive edge against other e-tailers⁷.

E-commerce: Rakuten and the NBA jointly launches "Rakuten Sports Zone" selling NBA products

Rakuten has recently launched its professional sports merchandise store Rakuten Sports Zone in partnership with American National Basketball Association (NBA). The opening comes after Rakuten entered into a multi-year partnership with the NBA in October 2017. Rakuten Sports Zone features products that are rarely available in Japan such as premium goods of former NBA stars. Rakuten aims to draw on its diverse range of services to contribute to the further development of sports and culture in Japan⁸.

E-commerce: Line to team up with China's Mobike to launch bike-rental service in Japan

Japan's instant chat app Line and China's startup Mobike will jointly launch a short-term bike rental service in Japan in 2018. Under the collaboration, Line will form a capital and business partnership with the Japanese subsidiary of Mobike and start offering bike rental service in 1H18. Line will provide information on the locations of vacant bicycles and enable users to unlock the bikes via the app. Mobike will be responsible for operating the services, providing and protecting the bikes⁹.

E-commerce: SoftBank to buy 17.5% share in Uber

A consortium led by Japanese tech giant SoftBank will acquire a 17.5% stake in ride-service provider Uber, which is valued at US\$48 billion in the deal. SoftBank will take a 15% stake in Uber, while the rest of the

consortium, which includes San Francisco-based Dragoneer Investment Group will own approximately 3%. Uber will use the fund to support its technology investments, fuel growth and strengthen corporate governance¹⁰.

Apparel and footwear: Asics opens flagship store in New York

Asics, Japan's sportswear giant, has recently opened a flagship store in New York. It is the brand's first store in the U.S. featuring both its Asics and Asics Tiger brands under one retail roof. Covering 2,035 sqft on the Fifth Avenue, the new store showcases performance running, training, tennis and wrestling footwear as well as apparel and accessories from the Asics brand. It also house apparel, footwear and accessories items from the group's lifestyle brand Asics Tiger¹¹.

South Korea

Statistics: Retail sales up 9.4% yoy in November 2017

Combined sales of 26 online and offline retailers in South Korea rose 9.4% yoy to 10.68 trillion won (US\$9.97 billion) in November 2017, according to South Korea's Ministry of Trade, Industry and Energy. The growth was largely driven by robust sales growth of online malls and convenience stores. Sales of 13 major online stores and marketplaces surged 16.7% yoy in November 2017 thanks to increased numbers of shoppers buying food and clothes online. Sales of convenience stores and department stores jumped 10.2% and 8.5% yoy respectively in November 2017, while discount

stores' sales stayed flat from the last month¹².

Statistics: CPI up 1.3% yoy in November 2017

South Korea's consumer price index moved up by 1.3% yoy in November 2017. The growth was mainly attributable to a rise in most of the major expenditure categories, including transport (up 3.6% yoy), restaurant & hotels (up 2.6% yoy), miscellaneous goods & services (up 2.5% yoy), furnishings, household equipment & routine maintenance (up 1.7%), alcoholic beverages & tobacco (up 1.4% yoy), clothing & footwear (up 1.1% yoy), education (up 1% yoy), communication (up 0.7% yoy), food & non-alcoholic beverages (up 0.5% yoy), housing, water, electricity, gas & other fuels (up 0.3% yoy) and health (up 0.3% yoy). Nevertheless, prices of recreation & culture went down by 0.9% yoy in November 2017¹³.

Statistics: Consumer sentiment index down 1.4% mom in December 2017

South Korea's consumer sentiment index moved down by 1.4% mom in December 2017, due largely to a fall in consumer sentiment regarding current domestic economic conditions (down 3% mom), prospective domestic economic conditions (down 3% mom), currently living standards (down 2% mom) and prospective living standards (down 1% mom). Consumer sentiment related to prospective household income and prospective household spending in remained unchanged in December 2017¹⁴.

Duty-free stores: Shilla Duty Free to open six new shops in Hong Kong International Airport

South Korean major duty-free operator Shilla Duty Free will open six new stores at the Hong Kong International Airport, featuring experiential retail concept. The new stores will combine innovative store designs with wide ranges of products, services and exciting activities to offer customers new shopping experience. It will also house both branded counters and non-branded areas, along with immersive engagement zones. The grand opening of the new stores is scheduled in the summer of 2018, with more than 200 brands available across the six stores¹⁵.

Duty-free shops: Shilla Duty Free to launch in Jeju Airport

South Korea Shilla Duty Free has won the license to operate a duty-free shop at Jeju International Airport for five years, beating its domestic rivals Lotte Duty Free and Shinsegae Duty Free. The bidding came after Hanwha Galleria, one of local new duty-free operators, decided to end its duty-free business at the airport owing to a sharp decline in Chinese tourist arrivals¹⁶.

Beauty and personal care: South Korean cosmetics industry to regain growth in 2018

South Korea's cosmetics industry is expected to see growth recovery in 2018 after South Korea and China has agreed to move beyond a year-long standoff over the deployment of THAAD missile defense system in Seoul. Industry experts predict that major industry leaders including AmorePacific and LG

Household & Health Care have resumed their marketing activities in China by launching new products and stepping up efforts to meet the diverse needs of Chinese customers. Their foray into overseas markets such as Vietnam, the U.S. and Europe, will also contribute to business growth. The health and beauty sector in South Korea has been expanding at an annual average rate of 22% over the past five, with the market size estimated to reach 2 trillion won in 2017¹⁷.

Luxury: Chanel opens beauty flagship store in South Korea

French luxury fashion house Chanel has opened its first beauty flagship store Chanel Famille Boutique for South Korea in Gagnam's Shinsegae Department Store. Apart from offering products such as fragrances and makeup, the new store also engages customers with different displays and new services, such as make-up services, beauty classes and exclusive collections¹⁸.



Statistics: Retail sales up 3.4% yoy in November 2017

Taiwan's retail sales rose 3.4% yoy in November 2017, due mainly to a growth in retail sales of fuel products (up 8.6% yoy), general merchandise (up 5% yoy), fabric, apparel & accessories (up 4.9% yoy), information, communication & electronic household appliance (up 4.3% yoy), building materials (up 3.8% yoy), medical goods & cosmetics (up 1.6% yoy), household supplies (up 1.4% yoy), motor vehicles (up 0.3% yoy).

Nevertheless, retail sales of education & recreation and food, beverage & tobacco decreased by 5.7% yoy and 0.4% yoy respectively in November 2017¹⁹.

Statistics: Consumer confidence index slightly down in December 2017

Taiwan's consumer confidence index slid 0.11 point mom to 86.05 in December 2017. The decline was mainly led by a drop in consumer sentiment in three out of six major sub-indices, including stock investment (down 1 point mom), domestic price level (down 0.25 point mom) and job market (down 0.1 point mom). However, consumer sentiment rose in the other three major sub-indices, namely prospective household finance (up 0.25 point mom), property investment (up 0.25 point mom) and domestic economic outlook (up 0.2 point mom) in December 2017²⁰.

Duty-free shops: Taiwan Taoyuan International Airport calls for duty-free tenders

Taiwan's Taoyuan International Airport Terminal 2 has called for duty-free tenders. The contracts will last 12 years with three-year extensions subject to performance. Besides local duty-free giants Tasa Meng and Everrich, prospective bidders include Dufry, DFS Group, Lotte Duty Free, The Shilla Duty Free, Shinsegae Duty Free, Lagardère Travel Retail and others. Duty-free products allowed to be sold in Terminal 2 include tobacco, alcohol, perfumes & leather goods, watches, fashion & accessories, and other general merchandise²¹.

Home products: Eslite Spectrum to add four more new stores in 2018

Eslite Spectrum Corp, a Taiwan retailer operating bookstores, restaurant, hotels and commercial centers, will open four more bookstores in Taiwan 2018. The first new store will be launched in Hualien county in 2Q18, followed by one each in Taipei, Kaohsiung and Taichung by the end of 2018. To provide better services, the retailer will also leverage on big-data analytics to understand consumer behavior. Currently, Eslite Spectrum operates 44 bookstores in Taiwan, Hong Kong and Suzhou, with customer traffic reaching nearly 200 million people in 2016²².



Beauty and personal care: Do Day Dream plans to raise US\$123 million from IPO

Do Day Dream, a Thai cosmetic maker which produces and distributes skincare brand Snail White, plans to raise up to 4 billion baht (US\$123 million) through an IPO. Eying growth in Thailand and other Asian markets, the company will use the IPO proceeds to expand production capacity, distribution channels and work on R&D. It plans to build another factory in 2018 to boost its production capacity. For 1-3Q2017, Do Day Dream's total revenue rose 27.6% yoy to 1.26 billion baht²³.

Malaysia

Statistics: CPI up 3.4% yoy in November 2017

Malaysia's consumer price index rose 3.4% yoy in November 2017. The growth was mainly driven by an increase in prices of most of the major expenditure components including transport (up 10.8% yoy), food & non-alcoholic beverages (up 4% yoy), restaurants & hotels (up 2.8% yoy), furnishings, household equipment & routine household maintenance (up 2.5% yoy), health (up 2.2% yoy) and housing, water, electricity, gas & other fuels (up 2.2% yoy).²⁴

Singapore

Statistics: CPI up 0.6% yoy in November 2017

Singapore's consumer price index added 0.6% yoy in November 2017. By category, prices of transport, education and healthcare increased by 2.6% yoy, 2.6% yoy and 2% yoy respectively in November 2017, followed by food (up 1.5% yoy), communication (up 1.5% yoy), household durables & services (up 1% yoy), recreation & culture (up 0.8% yoy) and clothing & footwear (up 0.7% yoy). By contrast, prices of housing & utilities and miscellaneous goods & services fell 2.4% yoy and 0.4% yoy respectively in November 2017²⁵.

E-commerce: Muji shuts down online store in Singapore

Japan's lifestyle retailer Muji closed its e-commerce site in Singapore during the Christmas Day. The retailer stated the closure will enable them to develop a better and more comprehensive shopping experience for their customers, but did not provide any information on when the new website will be ready. All orders previously placed on the e-commerce site will be processed and fulfilled by 29 December 2017²⁶.

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