

BRAND MOVES

VF Corp links up with Tencent to turbocharge online retail sales in China

VF Corporation (USA) is investing in China's digital channels.

The company has about 160 stores this year in Greater China selling its Vans, Timberland and The North Face brands.

The China expansion will revolve on digital retailing as seen from its latest tie-up with internet and social media giant Tencent Holdings.

It's new 717-square metre Vans store offers a preview of VF Corp's China strategy, blending online shopping with traditional bricks-and-mortar retailing. The Shanghai flagship store will allow shoppers to customise their

purchases with the help of in-store artists.

The store will also include a zone featuring some of Tencent's most popular online games and a dedicated WeChat mini program linking to its online store.

VF Corp's China digital strategy through tie-ups with large e-commerce partners like Tmall



Vans teams up with Tencent in new Shanghai store

and JD.com has resulted in a 36 percent gain in revenue from digital channels in the quarter ended June 30.

Its brand Vans also has a presence on TikTok where it has over 5 million followers globally.

John Lewis Eye Bigger E-Commerce Opportunities

John Lewis (UK) expects to increase its online focus by 20 percent to 60 percent from its pre-Covid-19 levels as it moves forward with its digital-first strategy.

MARKETS

Vietnam's Shoppers Still Prefer COD

Vietnam's internet users will account for

continued on page 14

INVESTMENT

Korean Online fashion Startups Draw Huge Investments

As established physical retailers struggles to stay afloat, online fashion startups are thriving. Some have successfully attracted huge investments from venture capital firms in light of their promising outlook.

The success of Musinsa, one of the largest fashion retailers here, inspired huge investments in domestic online fashion platforms.

Last year, U.S. venture capital firm Sequoia Capital invested \$168 million into Musinsa, which helped the fashion retailer to become a unicorn startup with a corporate value of 1 trillion won. This led many venture firms to search for the next Musinsa.

Startup Alliance Korea said there are 47 firms in the fashion and beauty sector here that received \$840,000 in funds and 15 firms that received over \$8.4 million.

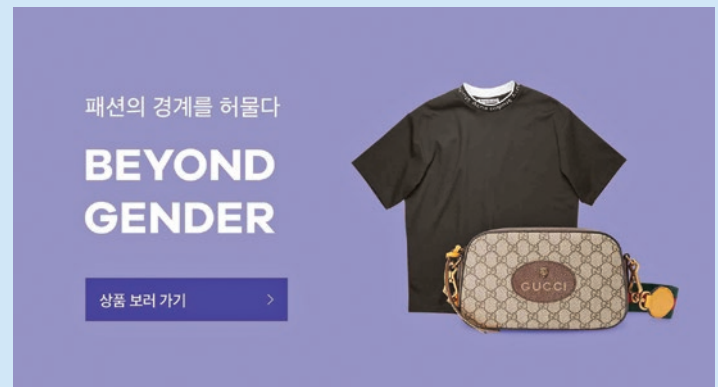
Domestic fashion startup Must It drew a \$12.45 million Series A investment on July 21, bringing a surprise to the industry. It is unusual for fashion companies that have been operating for less than three years to attract more than \$8.4 million in funding.

The large investment in Must It shows high expectations for online luxury goods platforms.

- The fashion startup's corporate value rose to \$84 million in the market.
- Its gross merchandise value reached \$126 million last year and in the first half of this year it has already exceeded \$84 million.

In July, luxury goods platform Trenbe received an \$9.25 million Series B investment. Trenbe uses artificial intelligence to find the cheapest prices for luxury items around the world.

- Last year, it attracted investments worth 7 billion won in recognition of its high-tech searching system and fast-growing sales.
- Trenbe now receives 2.5 million users monthly and has 1.5 million luxury products available online.
- Recently, it held online exhibitions in collaboration with global fashion



Trenbe is one Korea's fast growing e-commerce start ups

houses Louis Vuitton and Celine - selling items that are not available in existing domestic markets.

Brandi, a mobile fashion application service, also secured 21 billion won from the Korea Credit Guarantee Fund this year.

- Established in 2016, Brandi has been offering a fast delivery service based on its advanced logistics system, which helped it to record over 300 billion won of accumulated gross merchandise value.
- Brandi brings various items to its online platform from social media markets, online shopping malls and fashion brand stores.
- Its biggest strength lies in the fulfillment service that adopted information technology to form a distribution supply chain based in Dongdaemun, a large commercial district in Seoul with shopping centers for wholesale and retail goods.
- Over 390,000 people use the mobile application on a monthly basis and it has attracted \$29.5 million in investments.

continued from page 15

nearly 60 percent of the population this year and 33 percent of Vietnamese consumers will make direct money transfers online when shopping.

A survey by the Vietnam Software and IT Services Association (VINASA) showed that nearly 95 percent of enterprises are aware of the importance of digital transformation.

However, 84 percent of businesses fail to transform digitally and the application of new technology in businesses often fails.

In fact, of 4.5-5 million Tiki (local Vietnamese e-commerce platform) orders a month, online payments accounted for only about 40 percent, 60 percent were in cash, said a company representative.

One of the biggest hindrances to growing the use online payments is being able to control counterfeiters. Consumers want to see the goods before they hand over the payment. COD (cash on delivery) allows the buyer to inspect to goods when they are delivered.

Banks, payment gateways and e-com-

merce platforms need to establish trust with the consumer for the use of online payments to grow.

PLATFORMS & MARKET PLACES

Amazon Said to Be Eyeing Luxury Goods

Desperate fashion brands are looking for any opportunity to generate sales.

CHINA TECH

Suddenly, Everyone's into Livestreaming

China's rapidly growing livestreaming e-commerce segment went from a shopping festival phenomenon to a bandwagon that everyone wants to jump on.

Essentially, livestreaming e-commerce is a new interpretation of the popular Home Shopping Network, QVC and other television programs that turned a product pitch into direct-to-consumer selling.

Kuaishou announced that it will invest 3 billion yuan (\$428 million) to set up its livestreaming e-commerce headquarters in Chengdu as part of its broader attempt to expand its presence in the booming e-commerce industry and speed up monetization efforts.

The company wants to build a livestreaming ecosystem in the city, with the nation's first 5G-powered short video industry base, a short video incubator, a public technology service platform for video creation and a training institute.

MCNs (multi-channel networks) are third-party service providers that affiliate with short video platforms to offer services that may include audience development, content programming, creator collaborations, digital rights management and sales.

Sichuan province is aiming to make the province a regional center for live broadcasting e-commerce with annual sales volume reaching \$1.4 billion by the end of 2022.

The July announcement follows Kuaishou and Chinese e-commerce giant JD's new strategic partnership that with a focus on supply chains. Kuaishou users will be able to purchase JD's products without leaving the app, and enjoy fast delivery and after-sales service offered by JD.

That agreement also enabled Kuaishou's key opinion leaders to choose and promote products to their audiences through livestreaming during this year's 618 Midyear Shopping Festival. Some 1.42 billion yuan (\$202 million) worth of products were sold via live broadcasting during a 24-hour special online shopping campaign on June 16.

During the lockdown this spring daily users on on Douyin (Tik Tok's parent) rose 26 percent, while users on Kuaishou jumped 40 percent year-on-year.

A Fast Start to Billion Dollar Market

Kuaishou first tapped into the already competitive e-commerce market in China in 2018 with the launch of Kuaishou Shop, a sales platform within the short video app. It now has more than 100 million



Pitch and Sell on video

daily active users engaged in its e-commerce business.

The Beijing-based company said in a report that the number of daily active users of its featured livestreaming function reached 170 million during the first half, a 70 million surge since the end of 2019.

As of March this year, users of livestreaming services in China reached 560 million, accounting for 62 percent of the country's total internet users, said the China Internet Network Information Center.

Revenue from China's livestreaming e-commerce market stood at \$62.7 billion last year, and is expected to more than double to \$139 billion this year, said a recent report from market consultancy iiMedia Research.

Beijing-based ByteDance, owner of the popular short video platform Douyin, is also eyeing the lucrative livestreaming e-commerce sector, as users have expressed an interest in combining shopping and creative experiences.

In addition, Chinese retail giant Suning.com announced on July 30 that it inked an agreement with Douyin to carry out in-depth cooperation in multiple fields, such as supply chain services and livestreamed branding.

According to the agreement, consumers will be able to purchase products sold by Suning.com directly from Douyin's e-commerce livestreaming platform without leaving the video platform, where celebrities and livestreamers will promote products. Suning.com will also provide delivery and after-sales services.

When better department store Lord & Taylor (now in liquidation) decided to partner with mass market retailer Walmart, the writing was on the wall.

A year or two early, you wouldn't have even heard the two retailers mentioned in the same sentence.

Putting Lord & Taylor's mid-tier products on Walmart's website clearly did not solve the department store's woes.

Still, Amazon's massive e-commerce footprint is hard to ignore as better to luxury brands struggle to drive sales outside of the China market.

Sign of the Times: The same brands who once insisted on being located on the more exclusive second or third levels of malls, are now happy to sit side by side with mass market brands on Amazon.

In fact, many are sitting next counterfeits — of their own products.

Tmall Luxury Targets Gen Z consumers

China's massive e-commerce platform has rolled out three new features including a daily live streaming service on luxury topics, a content-rich magazine channel featuring fashion news, and an upgraded membership program offering personalized services. The features are a response to the strong spending power for luxury items exhibited by consumers within the Gen Z age group, spending on average \$3600 annually on high-end goods.

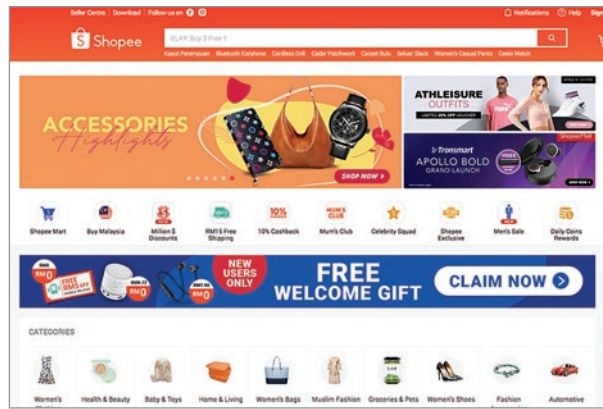
Data collected by Tmall Luxury shows that four-fifths of its user base are below the age of 35, with the number of luxury consumers aged 18-25 age group more than doubling in the past year. The emerging consumer dynamic has attracted top brands in the category such as Valentino and Balenciaga to collaborate with the platform.

Insight: For brands, the benefits of Tmall's deep analytics and insights into China's luxury consumers is worth being on the platform, even if they don't make a single sale there.

Almost 200 brands have opened flagship stores on the Tmall Luxury platform.

Malaysia's Shopee Teams Up with ShopBack

ShopBack, Asia-Pacific's top rewards and discovery platform, together with Shopee, Malaysia's no.1 e-commerce platform, have



Shopee and Shopback collaborate

jointly launched Shopee Affiliate Marketing Solutions (AMS). This initiative is aimed at helping brands accelerate the growth of their e-commerce stores while bringing more value to consumers in the form of product discovery and savings.

This partnership enables participating brands to list their Shopee Official Stores directly on the ShopBack Malaysia platform, resulting in the opportunity to get cashback on more brands.

In Malaysia, ShopBack generated around 1.5 million monthly orders for over 500 merchants in Q2 of 2020.

RULES & REGULATIONS

The EU Reviews Rules for Ecommerce

Growing online sales and the emergence of internet platforms are forcing a re-think of rules governing sales and distribution, European Union regulators said in August.

The European Commission said in a statement that it sees a need to adapt the existing "vertical block exemption regulation," citing issues such as pacts to keep retail prices the same and restrictions on using price-comparison websites.

Siri, Alexa Targeted as EU Probes 'Internet of Things'

The EU's antitrust arm said it will seek more feedback in coming weeks, will publish draft rules next year and aims to have revised rules in place by May 31, 2022. The commission separately sought comments on subsidy rules to build out internet networks. (Bloomberg)



Voice apps come under EU scrutiny

Amazon Expands Project Zero to 17 Countries

Project Zero, Amazon's snit-counterfeiting program, will now be rolled out in Australia, Brazil, Netherlands, Saudi Arabia, Singapore, Turkey, the UAE, and other markets.

Collaborative Effort: Combines Amazon's technology and machine learning capabilities with each brand's own intellectual property knowledge.

Amazon's automated protections proactively and continuously scan more than 5 billion attempted daily product listing updates globally to look for suspicious listings.

A self-service tool enables brands to directly remove listings from an Amazon store. These removals also feed into the e-tailer's automated protections.

Product serialization via a unique code that brands apply within their manufacturing or packaging process enable Amazon to confirm the authenticity of each product sold on its platform.

FINANCE

Afterpay Expands Into Europe

Afterpay (Australia) is expanding into Europe through the acquisition of Pagantis (Spain). Pagantis is also a 'buy now, pay later' service that operates in Spain, France, Italy and approval to operate in Portugal.

The EU has a €300 billion (\$345 billion) e-commerce market.



Installment payment service rolls out across EU

The E.U. has a large millennial population, vast fashion and beauty retail markets, and significant debit card use, making it the most logical next step for expansion, according to Afterpay.