

RETAIL

Mc ventures beyond jeans to tap skincare

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SET-listed Mc Group Plc, the maker of Mc Jeans, will expand into the skincare market to fulfil its goal of becoming a lifestyle company.

Chief executive Sunee Seripanu said the company tested consumer demand for its M&C brand skincare product by offering it to customers who purchased Mc Jeans.

The feedback was better than expected, she said.

As Mc's business involves the lifestyles of its customers, the company deems it a plus to tailor items to consumer demands.

The market for skincare in Thailand is huge and offers promising growth, according to Euromonitor, a global consumer and industrial market researcher.

Euromonitor puts the value of Thailand's skincare market this year at more than 61 billion baht, up from an estimated 59 billion baht in 2015.

The agency forecasts market value next

year to rise steadily to 63 billion baht.

Face and body skincare products dominate the market at more than 80%.

After the giveaway trial with customers, Mc sees a great opportunity to develop body skincare sales.

"It is a trend that Thais spend more on skincare because they want to look good," Ms Sunee said.

As part of its total lifestyle push, the company last year also tested the market for luggage.

The luggage segment will form a permanent part of the product portfolio because of the huge market potential opened up by low-cost airlines.

"We try to approach various lifestyle products from head to toe, focusing on the premium market and product quality," Ms Sunee said.

"People think of [Japanese retailer] Muji when they go to Japan, and I want them to think of Mc as the Muji of Thailand."

She said the company recently took up a joint venture with fabric maker Petchakasem Holdings to produce McT polo shirts and T-shirts as a new alternative.

The recent weak purchasing power among consumers has had a minimal impact on the company's business, as consumers have opted to buy products that offer value for money.

Indeed, the company enjoyed 7.5% revenue growth year-on-year in the first nine months of 2015 to 2.64 billion baht, generating a net profit of 482 million.

Same-store sales fell by 1%, but Mc saw improved spending sentiment in the fourth quarter as the government's stimulus package kicked in.

The momentum is expected to continue as a cohort of new first-jobbers enters the workforce.

In response to this promising trend, the company plans to open at least 50 new shops this year.

The expansion will cost an estimated 80 million baht.

The skincare and luggage businesses and newly opened stores will help spur Mc Group's 2016 performance with sales growth of 15%, Ms Sunee said.

The main sources of growth, however, will be online business and organic expansion.

MC shares closed yesterday on the SET at 11.80 baht, up 10 satang, in trade worth 5.36 million baht.



Chief executive Sunee Seripanu envisions Mc as a lifestyle brand.