

# Japanese version of dollar store opens on Dec. 12

**RETAIL** | Daiso-Sangyo Co. wooed into new Aberdeen Centre, expansion deal with Fairchild Group



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One of Japan's largest and most successful retailers is making its North American debut Dec. 12 at the new upscale \$135-million Aberdeen Centre shopping centre, using the Richmond facility as a launching pad for quick expansion to other parts of Canada and the U.S.

Daiso-Sangyo Co., which operates more than 2,500 stores in Asia, with annual sales topping \$6.3 billion, is opening a two-storey, 2,500-square-metre (26,900 square feet) outlet, in a joint-venture with Aberdeen's developer and owner, Vancouver-based Fairchild Group.

Privately held by Japanese billionaire Hirotake Yano, Daiso-Sangyo's some 2,400 outlets in Japan are called "Hyaku Yen" (100 Yen) stores, offering about 100,000 different high-quality items for sale at the uniform price of 100 yen, about \$1.20 Cdn.

Products include kitchenware, toiletries, cosmetics, stationery and other daily household goods. About 700 new items are added each month.

At its Aberdeen store, at Hazelbridge and Cambie Road, 45,000 items will initially be sold at \$2 Cdn each. These are to include cosmetics, gardening tools, household goods, soft drinks, snack food and stationery.

"A public survey in Japan showed Daiso-Sangyo as being the second most recognizable brand-name retailer after Disney World in Tokyo," Fairchild chairman and CEO Thomas Fung said Tuesday. "They ranked ahead of famous brands such as Coca-Cola, McDonald's, Sony, Toyota and Starbucks."

Fung, who negotiated his joint venture agreement directly with Yano, said Daiso-Sangyo — founded about 25 years ago and based in Higashi-Hiroshima City — now opens "more than one [new] shop every day" in Japan.

"Even the most rich and famous celebrities in Japan shop at Daiso-Sangyo stores."

Over the years, the chain has expanded to other parts of Asia, opening about 100 outlets in Hong Kong, Singapore, Taiwan, South Korea and Thailand.



A joint venture by Thomas Fung (left), CEO of Fairchild Group, and Hirotake Yano, CEO of Daiso-Sangyo Co., will bring Japan's Hyaku Yen chain of stores into Canada and the U.S. with the first opening Dec. 12 in Richmond's refurbished Aberdeen Centre.



During that time, Fung said, Yano hasn't bothered to return calls or arrange meetings with some 100 top companies in Europe and the U.S., all seeking to establish business partnerships with him.

"Mr. Yano is an icon, a role model and legend in Japan," Fung said. "Everybody knows him. I feel kind of fortunate to get into a joint-venture arrangement with Daiso-Sangyo."

"I think there was some synergy between the two principals."

Fung said his introduction to Yano earlier this year was arranged by a Los Angeles-based Japanese business consultant who has been linking North American enterprises with their counterparts in Japan for 30 years.

"I met him in Vancouver. He conducted a thorough check of my company," said Fung, whose Fairchild holdings include various residential and commercial properties around the Lower Mainland, as well as own-

ership of Chinese-language TV and radio stations in Vancouver, Calgary and Toronto.

During his several visits to Japan over the past year, Fung recalled that merchant bankers kept asking him to persuade Yano to take his private company public, but he refuses to do so.

"He's very huge and successful. He's doing so well."

Fung said Daiso-Sangyo's success is based on several factors, including:

- The chain buys in huge volumes, with a minimum order consisting of 10 million units. "Any supplier or manufacturer would be happy to offer him favourable payment terms, so [Yano] doesn't have to pay up-front."

- Daiso-Sangyo has proven to be a huge draw to any shopping mall, prompting many landlords to "almost beg" the chain to open an outlet at their location, with offers of free renovations and rent based solely on percentage of gross revenues.

"He [Yano] doesn't have to put up a penny, no rent up front," Fung noted. "But at the same time, he receives cash [flow] from customers. So his stores are really a cash cow."

Fung said his agreement with Yano requires Fairchild to take responsibility for future Daiso-Sangyo expansion across North America.

Other potential Canadian locations include downtown Vancouver and Burnaby, as well as Edmonton, Toronto and Montreal, while U.S. sites being considered are Los Angeles, San Francisco and Nevada.

So far, Fung said 120 people have been hired to staff Daiso-Sangyo's Aberdeen store, with about another 30 people needed.

Fairchild first opened Aberdeen Centre in the early 1990s, but Fung decided to demolish and rebuild about two years ago, and is spending a total of \$135 million to triple the size of the original mall to 35,302 square metres (380,000 square feet), as well as constructing a new 170-room hotel adjacent to the mall.

So far, about 75 per cent of Aberdeen's 260 retail units have been leased, with anchor tenants including HSBC Bank Canada, Science World, BMW, Fishermen's Terrace Seafood Restaurant and Cell City, along with high-end, name-brand international retailers from various parts of Asia.

As a grand opening promotion, Fung said 12 lucky customers will be chosen between Dec. 12 and 23 to win a 12-minute free shopping spree Dec. 23 at the Daiso-Sangyo store.

"Whatever they can pick up and carry away," he said.

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