

REThink Retail – the future of malls



Panel discussion in progress.

24 September 2024

Decades back, emporiums were a thing. Household names like People’s Emporium and Oriental Departmental Store were popular destinations for shoppers seeking a wide variety of products under one roof. Yet these once iconic landmarks have all but vanished, as sprawling malls, hypermarts and big-box retailers took centre stage. The scale of retail had simply escalated to a whole new level.

In the 1990s, e-commerce entered the fray. eBay entered Singapore in the early 2000s and was thereafter followed by other digital platforms like Qoo10, Lazada, Shopee and others. As e-commerce gained momentum, the

retail landscape was once again disrupted, and online penetration accelerated during the Covid years amid severe social distancing regulations.

However, physical retail has also evolved rapidly and held its ground well. Many traditional retailers adapted by integrating online and offline channels, offering omnichannel experiences. Many brands leveraged on cutting-edge technology to enhance customer service and engagement.

The pace of change is staggering, and the industry is still in a state of flux as new ideas such as sustainability and inclusivity enter the agenda of corporate

boardrooms. What does the future hold, and what can landlords and retailers do to stay ahead of the curve and future-proof themselves?

Hosting a capacity crowd of nearly 300 people on 13 September 2024, we invited a distinguished line-up of

Inclusivity

Much like many other developed countries, Singapore has to come to terms with an ageing population. Yet, the new silver generation – which was previously the affluent Baby Boomer generation – enjoys substantial purchasing power. Malls would therefore need to adapt to attract the “silver” dollar, and as the manager of Frasers Centrepoint Trust’s CEO Mr Richard Ng aptly remarked, the challenge was to “turn silver to gold”.



Richard Ng
Chief Executive Officer,
Frasers Centrepoint Asset Management Ltd
As Manager of Frasers Centrepoint Trust

industry leaders to our “**REThink Retail – The Future of Malls**” forum to share their insights.

Physical retail is here to stay – but how can it navigate the choppy waters ahead?

Part of this endeavour encompasses the idea of inclusivity. Crucially, seniors must feel comfortable and at ease in malls for them to want to visit in the first place. Barrier-free access and design-centric infrastructure to promote safety form part of the various hygiene factors to attract silver footfall.

Over 50% of the trade mix at Frasers malls focuses on essential services to cater to the everyday lifestyles of silver shoppers, while in-person services such as physical banks, libraries and travel agencies cater to those who may not be digitally savvy.

Mr Ng also underscored the importance of placemaking, which entails carving out community spaces for socialising and health and wellbeing activities, all guided by Frasers’ philosophy of “inspiring experiences, creating places for good”.

Knight Frank Singapore’s CEO, Mr Galven Tan concurred and added that real estate was highly localised and dependent on domestic consumer preferences. Landlords would therefore need to be creative in repurposing mall space in response to changing demands.

Sustainability

With an ambitious goal to achieve net-zero by 2050, cutting our carbon footprint must be more than just a government initiative. All stakeholders need to chip in, and retail is no exception.

In the context of Scope 1, Scope 2 and Scope 3 emissions, landlords and asset managers have an important part to play in managing carbon footprint, both



Kelvin Chow
CEO, Lendlease Global Commercial
Trust Management

upstream among suppliers and downstream as well, among tenants.

Using 313@Somerset and Jem as case studies, CEO of Lendlease Global Commercial Trust Management, Mr Kelvin Chow cited the role of the “green lease” – which gave landlords leeway to conduct audits on air quality and utilities usage, and which would in turn motivate tenants towards more environmentally friendly practices. Embracing the circular economy too was an important tenet: among other things, the malls managed by Lendlease here have an onsite food digester with a capacity to digest up to 5 tonnes of food waste per day.

In addition to long-term cost-savings arising from the careful use of resources, Mr Chow highlighted the business case for going sustainable, since a strong brand equity for sustainability is anticipated to attract high quality tenants.

Active asset management

As we work towards reducing our carbon footprint, are there alternatives to redevelopment? Tearing down infrastructure and then rebuilding something else in place generates a tremendous amount of emissions. In such a context, active asset management presents itself as a sustainable way to upgrade malls.

Space optimisation, rationalising the tenant mix and improving store layouts are some ways to rejuvenate malls and keep them competitive, said Ms Callie Yah, City Developments Limited’s EVP and head of global asset management.

At City Square Mall, for example, underutilised basement carpark space was repurposed to into a thriving foodcourt, while a change of tenant mix at Palais Renaissance to focus more on F&B and health and beauty services raised the occupancy rate from below 80% to full house.

Asset enhancement is however no easy feat, as Ms Yah cautioned. On-going works while the mall and tenants are still in operation could dampen footfall. But with careful planning and implementation, backed by effective marketing communications, shoppers who balked at the disruption would eventually return for an even better retail experience.



Callie Yah
EVP, Head, Global Asset Management Division
City Developments Limited

Making Orchard Road great again

Any discussion on retail would hardly be complete without addressing Orchard Road, the great dame of shopping here.



Jack Backen
Regional Director, Cistri

As Singapore’s premier shopping district, Orchard Road boasts an unmatched scale in terms of retail gross floor area, leading its rivals such as Sukhumvit, Nanjing Road East, Las Ramblas, 5th Avenue and others. And as Cistri’s regional director, Mr Jack Backen shared, the district also enjoys an incredible location and a wide array of offerings, ranging from F&B to specialty shops.

According to Cistri’s research, 90% of Singapore residents are within 30 minutes’ drive to Orchard Road, while 32% could get there in half an hour via public transport.

The fundamentals for a thriving shopping district are all in place, and reconnecting with local shoppers, judicious street planning and

introducing non-retail drivers of visitation such as sports venues, green spaces and other civic facilities are some ways to make Orchard Road great again.

URA’s director of urban design, Ms Ong Lay Hua said that works were underway to give each sub-precinct in Orchard Road a distinctive character and identity, while Orchard Road Business

Association’s chairman, Mr Mark Shaw added that a more vibrant nightlife entertainment scene would give visitors a compelling reason to stay till late after dinner.

With such exciting ideas and plans in the pipeline, Singapore’s prime shopping belt looks ready to tackle the future. According to Mr Backen, “Orchard Road is still a gem”.

Taking care of people

Employees form the backbone of retail operations, so even while strategy and planning are proceeding apace, the astute employer must not overlook its people and their well-being. What can employers do to keep their workforce motivated, energetic and innovative is a pressing question that deserves a thoughtful answer.

Having made top rankings in The Straits Times’ “Singapore’s Best Employers” survey five years in a row, Starbucks Singapore is certainly well positioned to share insights on employee engagement and wellness.

Over at the ubiquitous coffee company that has outlets islandwide, some 200 managers are certified to provide mental wellness support for staff, while weekly coffee tastings, quarterly conversations, various coffee competitions and other events such as an annual Sports Day are opportunities for the management to connect with line staff, added Mr Patrick Kwok, general manager of Starbucks Singapore.



Patrick Kwok
General Manager, Starbucks Singapore

The coffee chain’s “How can we serve you better?” motto is not just for customers, but also for its own employees, whom it refers to as partners. Little wonder then that this firm enjoys a solid reputation for talent retention.

Ms Tan Chun Yan, Love, Bonito’s head of SG & Global Retail Excellence remarked that transiting from online to physical retail meant acquiring and developing human capital – both among line staff and leadership teams – who could in

turn create an amazing experience for customers who would want to go back over and over again.

Expressing his concurrence, Singapore Retailers Association’s executive

director, Mr Stephen Sing shared his experience with retailers in Shanghai, who unanimously emphasised the importance of having physical stores to establish credibility with shoppers there.

The RETHink series and acknowledgements

“REThink Retail – The Future of Malls” is part of IREUS’ series of “REThink” events, positioned with the intention to critically assess prevailing issues of the day, and offer new perspectives and insights for policymakers and industry practitioners.

The forum has managed to shine a light on the varied issues confronting shopping malls as they adapt to a fast-changing landscape. From global issues such as sustainability and the advent of online, to the more local peculiarities of ageing demographics and tourism shifts, the speakers have sculpted out not just the challenges, but also the success factors that will ensure the future of shopping malls.

Two earlier sessions, REThink Hospitality and REThink Ownership has been organised.

We would like to acknowledge the support of our speakers, panellists and supporting organisations.

Speakers:



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Frasers Centrepoint Asset
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As Manager of Frasers
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