



TOPSTORIES

Orchard loses retail shine to heartland

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659 words

12 March 2015

MyPaper

MYPAPR

FIRST

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English

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EXPERTS say training and more emphasis on integrating the shopping experience offline and online could help strengthen big-name retailers.

Metro Holdings, which opened a new department store in Centrepoint in the final quarter of last year, said that a "disappointing level of sales resulted in losses being incurred by the new store".

Department store operator Isetan (Singapore) had earlier reported a net loss of \$3.1 million for the year ending Dec 31 on the back of higher rents and slower sales.

Other than Isetan's new store at Jurong East, sales at its outlets registered lower sales for the year compared with 2013, "due to the challenging and competitive environment".

Guan Chong, head of the marketing programme at SIM University's School of Business, added that competition from e-commerce firms and a tighter labour supply have hit profits.

Associate Professor of Marketing Tan Soo Jiuan of the National University of Singapore Business School added that the labour crunch means sales staff often do not stay long enough in the job to accumulate good product knowledge "nor become well-trained to give the kind of good retail service that you can get in places like Japan, Taiwan and even Hong Kong".

Prof Tan suggested investing in training and improving the image or professional status of those in the retail or sales industry, while rewarding staff for good service on top of sales performance.

Despite the gloom, there are retailers that have something to cheer about.

Robinsons The Heeren, which opened in November 2013, reported a 32.7 per cent growth in sales in January compared with a year earlier while last month's turnover expanded 33 per cent.

Angeline Ng, Robinsons The Heeren's store manager, attributed the growth to the store keeping up with trends and responding appropriately to competition.

"There has been improvement in terms of merchandising as we are bringing in more relevant merchandise for our clientele," said Ms Ng.

But she said that business on the once-busy Orchard stretch has certainly been affected. "The surge of heartland malls springing up over the past couple of years has impacted us in Orchard Road. Consumers no longer have to come down to Orchard Road for the latest offerings."

Isetan's Jurong East store helped lift group sales for the year to \$340.3 million, an increase of 2.18 per cent compared with a year earlier.

Ms Ng also noted that many mass brands have started to move to heartland malls as they see opportunities there.

"By doing so, the brands have lost some form of exclusiveness in Orchard Road, unless the brands differentiate their merchandise offerings in the heartland from Orchard Road's," she said, adding that retailers in town face the challenge of offering what consumers cannot find anywhere else.

Rents will always be an issue, noted Ms Ng, adding that the solution is to work with landlords to re-invent the retail scene.

Courts Singapore has only one store in Orchard Road and is thus less affected by higher rents. But chief executive Terry O'Connor said it is still a prevailing issue, one that could be addressed through more real-estate zoning and proactive government action.

"Lower rental costs will manifest in lower consumer prices, as exemplified by retailers such as Walmart and Tesco through retail park zoning," he added.

Shopping is no longer confined to locations, thanks to multi-channel retailing, said **Lynda Wee**, an adjunct associate professor specialising in retail management at Nanyang Technological University.

Customers now buy on their own terms, with an array of online shopping features such as reviews at their disposal. And with mobile devices, "consumers will shop any time, anywhere", she added.

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ANGELINE NG, ROBINSONS THE HEEREN'S STORE MANAGER

Document MYPAPR0020150312eb3c0000m

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