

S'pore a magnet for retail brands

By Rachael Boon And Felicia Choo in Singapore/The Straits Times/03 June 2015

1439 words

3 June 2015

14:10

[ANN Asia News Network](#)

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English

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Singapore (The Straits Times/ANN) - Retail brands still flock to Singapore because it offers not just hordes of shoppers but also regional exposure and myriad business opportunities.

Vincent Soh, orchard-gateway's chief executive, told The Straits Times: "It is a place where you want to expand your brand's presence overseas, especially in the context of Southeast Asia."

Having a shopfront in Orchard Road, the glitziest part of town, not only boosts a brand's presence but also attracts potential business partners in the region.

These could be corporate clients who may be potential franchisees and business partners, said [Nanyang Technological University's Dr Lynda Wee](#), an adjunct associate professor specialising in retail management.

A recent ranking by global property adviser CBRE showed Singapore is second only to Tokyo in the retail business, having attracted 58 new retail brands last year, just shy of Tokyo's 63.

The report also noted Singapore's capacity to showcase new brands was boosted by orchardgateway, Orchard Road's newest mall with a fashion slant, and the Shaw Centre's recently renovated retail section.

Singapore test bed

Singapore is ideal as a test bed for brands looking to break into Southeast Asian markets.

Global brands need to curate their merchandise and services to suit Asian tastes, said Dr Wee. "With success, they can roll out to other Asian cities. Singapore is a place for them to prototype, improve and curate... experimenting till they get it right."

David Tang, chief executive of Metro's retail business, said many Western brands want to expand in Asia and others want to come as the growth is here.

He added: "I'm not so sure about the word 'test bed' but brands either go straight to China or they come and establish a regional market here."

Brands opening here include jeans maker [American Eagle Outfitters \(AEO\)](#), arriving on June 19, and French label American Vintage, which recently opened at [Takashimaya Shopping Centre](#).

Kareem Gahed, AEO's vice-president - Asia-Pacific and global country licensing, described the Singapore market as vibrant, and said "the Asia-Pacific channel is an immense opportunity for AEO", being one of the brand's most developed zones outside North America, with a presence in multiple countries.

He said: "Singapore's strategic geographic location and economic strength solidify its position as the gateway to the Southeast Asian market and further increase AEO's presence within the region. The market in Singapore is diverse, with a vibrant mixture of locals and tourists, and thus fits the brand personality of AEO."

The mature retail market in Singapore provides strong infrastructure and support for brands like AEO to enter the market with confidence, he added.

When retailers see others coming into Singapore, it builds the country's reputation as an attractive retail destination.

"It does help put Singapore under the global spotlight to be selected as a pilot launch pad outside the brand's home country," said Lynne Lim, Asia-Pacific business head at Red Scout, an online trainer for those in beauty and fashion retailing. She cited Louis Vuitton's flagship store at The Shoppes at Marina Bay Sands, the first floating boutique in the world and the biggest boutique in Southeast Asia.

Lim said having "such publicity can have positive spillover effects into other related or support sectors of our economy".

Soh added that if businesses are coming to a country to invest, there are many other factors such as political stability which matter, and Singapore is still an overall attractive destination.

Challenges

But setting up shop in Singapore is no guarantee of success, possibly given low sales and rising rents.

Cult lifestyle retailer Goods of Desire closed its shop in Clarke Quay in April, a grim end to the Hong Kong brand's first foray overseas. Japanese fashion label Lowrys Farm left in February.

They followed a string of international retailers ceasing operations last year, including Japanese lifestyle store Francfranc, skincare brand Fancl and mid-tier fashion brand River Island.

Malls in Orchard Road are experiencing slowing shopper traffic as tourist numbers have declined.

For example, tenants of the one-year-old orchardgateway - which has two diagonally facing buildings on either side of Orchard Road - have reported slow shopper traffic. However, for the past six months, the complex, with a net lettable area (NLA) of 170,000 sq ft, has grown to an average 11.8 shoppers per month per sq ft (psf), up from 8.8 in its first six months.

Wisma Atria reported that it attracted 26.6 million shoppers last year, or about 17 shoppers per month psf in retail NLA of about 127,000 sq ft, for instance.

The Atrium@Orchard - with a retail podium that is an extension of Plaza Singapura - reports 25.4 million shoppers a year, or about 15 shoppers per month psf in retail NLA of about 137,000 sq ft.

Retail experts, however, noted that heartland malls provide stiff competition as they offer the same brands, sometimes with even bigger and better-stocked outlets.

The oft-heard comment from locals who live away from Orchard Road is that they can often find many of the same masstige - mass prestige - retail brands in the heartland malls, so there is no real need to go shopping at Orchard Road, Ms Lim said.

This rings true for personal assistant See Chiew Yen, 50, who said: "I have no preference for shopping at either area because heartland malls like Jem have big brands too."

On the other hand, there are still tourists who are drawn to the bright lights of Orchard Road, empty stores notwithstanding.

Kim Wyatt, 48, from New Zealand, was unfazed by the largely empty Centrepoint, which is undergoing renovation. "It's the first mall I've been to and it's so big. I'm enjoying my shopping experience... Singapore is an

attractive city - clean and efficient."

Attracting shoppers and brands

Orchard Road is still the most popular shopping location, said CBRE's report, so it's up to the retail industry and even government bodies to keep the buzz going.

orchardgateway's Soh pointed out that empty-looking malls may not indicate a dire situation. "High shopper traffic in a mall doesn't necessarily equate to high spending. Similarly, lower shopper traffic doesn't equate to less spending. It depends on the nature of the trade, such as luxury or mass-market goods."

Tangs creative director Christelle Vaillant feels emerging labels could have higher appeal. She said: "These brands are in more exclusive, hard-to-find locations, and the majority of their customers are niche audiences... so your average shopper or tourist may not realise these brands are, in fact, available in Singapore."

Soh agreed, noting there are "destination retailers" with a loyal following. Local names have also done well at orchardgateway, including men's multi-label store Sects Shop, multi-label street-wear outlet Actually and Superspace, the home to many fashion labels and a hair salon.

In other words, these shoppers know what they want and head directly for the shop. "They also have online stores, which complement the brick and mortar stores. Those familiar with the online store like to go down to get a feel of the product. Those who aren't will in turn be introduced to the online store," said Soh.

Department stores and retailers are upping their game as well. Metro launched its online shopping website in January, Tangs has an e-store, and by the end of the year, customers will be able to shop online at Robinsons.

And there is no denying that the game is getting tougher.

Eric Tong, assistant director of the retail business group at Far East Organisation, which owns malls such as Orchard Central, said brands need to constantly evolve and "move beyond functional products to one that has an experiential and emotive connection with consumers to gain a foothold and success".

orchardgateway is doing its part with its glass link bridge and lighted signage, for instance. It also reaped more gross floor area when it was redeveloped under the Orchard Road Redevelopment Commission (Ordec). Ordec was set up by the Urban Redevelopment Authority to encourage innovation to existing properties.

Soh said: "We should look at cities such as Tokyo, Hong Kong and Seoul, and see why they have that buzz. For a long time, we've been trying to understand why and how they create that buzz, and how to do that in Singapore."

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