

XTRA THE ECONOMY AND YOU

HAS THE RECESSION HIT RETAILERS?

ORCHARD ROAD STILL A-BUSTLING

PEARLYN THAM
pearlyn@mediacorp.com.sg

IF YOU had been out on Orchard Road last weekend, you would not have guessed that Singapore has slipped into a recession.

Not with the hordes of shoppers who braved the gloomy weather — and the even gloomier economy — to indulge in their favourite pastime of seeking out good buys on Singapore's most famous shopping street.

At Wisma Atria, the Charles & Keith and Topshop stores were packed with some 30 to 50 customers each, while a fragrance sale at Isetan Scotts kept the cash registers ringing non-stop.

"People may be more selective now but they will still be in the mood to shop," Mr Steven Goh, a spokesperson from the Orchard Road Business Association, told TODAY. "We have not seen any negative effects from the recession along Orchard Road yet."

This could, of course, be due

to the Christmas season when many — locals and tourists alike — head downtown to soak in the festive atmosphere and to shop for Christmas presents. Mr Goh said that while some shoppers may cut down on purchasing home decorations this year, traditional gifts such as toys tend to be recession-proof.

When TODAY visited the Toys 'R' Us outlet in Forum the Shopping Mall, customers had to wait in the checkout lines for an average of 15 minutes, with most of them queuing to pay for big-ticket items such as kids' scooters and gaming machines.

Family-oriented department stores and shopping centres on Orchard Road also report strong sales. There has "not been a significant drop" in store traffic, said a Tangs spokesperson.

Further down the road, Plaza Singapura's shopper traffic and tenant turnover have remained "rather resilient", according to a spokesperson from the mall's



ERNEST CHUA

owner, CapitaLand. There has even been a slight increase in shopper traffic last month, compared to the same period last year.

The Centrepoint has also observed a 10-per-cent increase in shopper traffic. Said Ms Wendy Low, general manager of Frasers Centrepoint Malls: "People will not stop shopping; instead, they will look for value buys. They may also be more discerning when

buying big-ticket items."

But even high-end luxury products seem to be weathering the recession for now — though these score differently depending on where they are sold.

High-end malls Palais Renaissance and Hilton Shopping Gallery, both located in the less busy half of Orchard Road, were relatively quiet on the Saturday we visited. There was a lone cus-

tommer in the Valentino boutique at Palais Renaissance.

Valentino said shopper traffic has gone down "tremendously" and customers' spending power has also fallen. Said Ms Yanti Tianadi, general manager of retail sales: "Customers are thinking twice before taking out their credit cards and some have reduced their spending from multiple items to just one item."

But designer stores Burberry, Coach, Tiffany & Co and Louis Vuitton at Ngee Ann City, as well as Gucci and Miu Miu at Paragon, were doing a roaring trade, with some wooing the crowds with discounts of 20 per cent and more. Louis Vuitton, Miu Miu and Gucci, in particular, have had to erect barricades at their doors to restrict the number of customers on their premises at any one time.

HEY BIG SPENDERS

Why are shoppers still buying designer goods despite the worrying economic projections?

Better value, for one. Said retail analyst Dr Lynda Wee: "Designer goods are often of a higher quality and last longer, so shoppers see them as good value-for-money investments."

She also noted that during a recession, the spending habits of

customers may differ depending on where they shop. "Shoppers at Paragon and Palais Renaissance are discerning on quality and style so they will not be price-sensitive and will not trade down by buying other lower-priced brands."

Jewellers are also not seeing sales figures losing their shine yet.

Soo Kee Jewellery said customers are not staying away, though they may now take longer

to decide on a purchase. Taka Jewellery has seen a decrease in the number of tourists in its stores, but says it is taking in about the same amount at its cash registers as it did over the Christmas season last year.

Ms Chng Hwee Siang, director of Poh Heng Jewellery, has heard more customers talking about the financial crisis; more of them now do more research on an item before making a purchase, she said.

And while she said that the impact of the crisis in her stores "is still minimal and the number of purchases is relatively stable", she also noted that as the industry's performance follows the cyclical ups and downs of the economy, a slowdown may be expected soon.

STILL LOOKING GOOD

Many beauty stores along Orchard Road also say they have not been hit. Sales at Sa Sa have grown during this Christmas season, said a store spokesperson. "Everyone wants to look good — even during a recession," she added.

Crabtree & Evelyn has also enjoyed an increase in the number of purchases per customer, though a spokesperson admitted that "the outlook is

not rosy after the big-spending Christmas festivities".

Most Orchard Road retailers TODAY spoke to are hopeful that shoppers will continue spending through Chinese New Year and all the way to Valentine's Day.

And they're not resting on their laurels. To keep the crowds coming back, The Centrepoint, for one, will launch an "aggressive" calendar of promotions and events which include palm-reading sessions and Chinese knot demonstrations. Tangs is confident that customers will be shopping for new clothes, accessories and homeware in the lead-up to Chinese New Year.

But Dr Wee cautioned that the shopping crowds may thin out after Christmas and Chinese New Year, like it does even in non-recession years.

She advised retailers wanting to stay on top of the retail game to bear in mind consumer behaviour during a recession.

"For example, people may upgrade themselves during a recession, so IT products will do better. Think of events and products that would help customers to upgrade and improve themselves."

"Have a recession theme in your store."

HEARTLANDS STRUGGLING TO ADAPT

NEO CHAI CHIN
chaichin@mediacorp.com.sg

A CUSTOMER walks into a shop that sells branded sportsgear, and asks: "Are there any discounts?" Until last month, the Link Millennium sports shop's answer was no. As a result, sales levels at its Bukit Batok outlet in West Mall plunged "40 to 50 per cent" in September and October, said employee Kenneth Sin.

The shop began offering a festive 10-per-cent discount storewide on Nov 21, and sales rebounded 20 to 30 per cent. "When there was no discount, customers would just walk off and say they would wait until Christmas for a better deal," said Mr Sin, 20.

Heartland retailers are finding consumers more cautious and discount-hungry as the economy heads south. A TODAY survey of malls and shops in eight suburban centres this week revealed that the majority have seen sales slide by 10 to 45 per cent. A minority — eight of about 40 shops surveyed — reported no change, while one retailer, a budget clothing store in Choa



The heartland crowd at Junction 8. DON WONG

Chu Kang Central, reported an increase.

Many shops are holding their usual festive promotions to bait customers. Every other shop in West Mall had a promotion on, with one touting discounts of up to 78 per cent. The Toa Payoh Merchant Association even held a one-day promotion last Saturday — but that only drew more crowds, but not more buyers, said Mr Yeo Yew Wah, whose Fashion Girl outlet was a participating merchant.

The only businesses still going strong seem to be the bakeries. Singaporeans are still crazy about bread, according to dough-makers like Prima Deli franchisee Mdm Yeo. Business at her Toa Payoh bakery is "still good", as is her father's bakery next door. "Maybe it's because we sell daily necessities."

Used handphone shop employee Irene

Hui of Star Focus Mobile in Commonwealth also said business was down 30 per cent.

"We also find a lot more people coming to us to sell their handphones. I had one lady sell her handphone for \$20 for milk powder!" she said.

The retailers had anecdotes aplenty of customers' attempts to spend less — postponing pricier purchases like perfume, bargain-hunting and choosing no-frills options, just to name a few.

"What choice do we have?" lamented Toa Payoh tailor Chen Kuan Meng, who sees more orders for just one pair of trousers when the usual package comes in threes.

Over at computer accessories shop CyberActive at Jurong Point, the mouse is a barometer of consumer thrift. In better times, customers readily splurge on snazzier

models costing \$59 to over \$200. Now, those priced at less than \$20 are the ones "selling fast", said the man in charge of the store, who wanted to be known only as Mr Cheo.

Shops offering services like foot reflexology and hairstyling said business could be down because of regular customers taking year-end vacations, but others were worried that the sales slump could get worse after the Chinese New Year.

Ang Mo Kio florist Low Meow Keow expects business to fall "quite a bit" after Valentine's Day next year. To reduce overheads, she is considering moving to a cheaper location and setting up an online presence.

Many households still "want a new look" for Chinese New Year and will spend on new curtains or bedsheets, said Ang Mo Kio bedding and curtains seller Chew S T, who expects to see more shoppers taking their business from Orchard Road to the heartlands. Still, business has fallen by 30 per cent in the last six months, he said.

Retailers will have to grit their teeth and ride out the rough patch. As a restaurateur said: "You are fighting the bad market now, not fighting your competitors."

Still, if nothing else, said barber Rahmat M Nor, shops can take comfort in that shopping "is the Singaporean culture — even if it's in smaller amounts". ADDITIONAL REPORTING BY ALICIA WONG, ESTHER NG, TEO XUANWEI, SUFIAN SUDERMAN, ZUL OTHMAN AND LEONG WEE KEAT

MARINA FEELING THE PINCH

ESTHER FUNG
esther@mediacorp.com.sg

THIS time last year, shoppers were out in full force in Suntec City Mall and Marina Square doing their Christmas shopping. This year, even a long weekend failed to bring in the crowds.

While some shoppers were still spotted rifling through bargain bins, many retailers said that sales over last weekend's Hari Raya Haji stretch were lacklustre.

Signs trumpeting Christmas specials and discounts of up to 50 per cent didn't do much to draw customer traffic.

"Many people come in to try on the clothes, but few people actually buy anything," said Ms Teng Poh Mei, a salesperson at fashion. LAB at Suntec City Mall, which offered 30 per cent off if customers bought at least three items.

Usually one to shun the mall



Quieter than usual at Suntec City. WEE TECK HIAN

on weekends because of the crowds, Ms Eugenia Lim last Saturday told TODAY she felt the mall was less congested this year. "I can walk around quite easily."

Over at Marina Square, the sentiment at Vogueois, a boutique selling silk dresses, was gloomy even as the store cut prices on certain items. Ms Khoo, a salesperson there, said there have been days when she hasn't made a single sale. Another employee added that in her three years at the boutique, the sales now are the worst she has encountered.

"People come in and look around, but say they don't want to spend more than \$100 on something that they would wear only once," said Ms Khoo, whose worries are compounded by the fact that her salary is commission-based. "Even tourists are not buying the cheongsam."

But some shoppers painted a brighter picture, saying they are still spending on Christmas presents despite the recession.

Mr Chan Li Ping, who bought three sets of toys for his wife's relatives from Carrefour, said he

is not actively cutting back on Christmas shopping.

"The most important thing is the family gathering," said the engineer, who spent about \$40 in total. "I don't want to disappoint the children."

He took the toys to the gift-wrapping counter, where Carrefour employee Adam Quek had been busy wrapping Lego sets, stuffed bears and toy cars for the past hour. Each time a customer arrived with toys on his counter and two filled trolleys, Mr Quek said, simply: "There are a lot of presents here."

Meanwhile, at Suntec's Build-a-Bear store, the store manager told TODAY that the lower-priced bears were more popular this year.

The store now offers a loyalty card it didn't have a year ago. The card allows customers to collect stamps with each purchase and exchange the stamps for vouchers. "Customers are becoming more price-sensitive, so we make sure we have more promotions and choices for them," she said.

While some retailers are optimistic they will rake in more sales nearing Christmas and Chinese

New Year, others are less so. And they're not being helped by sagging tourism numbers. Citigroup economist Kit Wei Zheng said: "Tourist arrivals, already in the red since May, would likely remain so as long as demand remains depressed, dragging down the retail, hotel and restaurant sectors along with them."

However, the owners of Marina Square and Suntec City Mall remain upbeat.

Said Ms Tan Swee Lin, senior manager at advertising and promotions at Marina Square: "So far, we continue to enjoy our fair share of customers and shopper traffic. We expect a good Christmas this year despite the challenging business environment."

Ms Ng Lay Pheng, general manager of Suntec City Mall, said: "The shopping crowd at Suntec City Mall remains at a healthy level."

Business is also expected to pick up as Dec 25 draws near. "With Christmas being a key gift-giving period, shoppers are able to soak in the festive celebration as they enjoy the various Christmas promotions," said Ms Ng. Suntec, she said, will be staging festive and laser shows to draw in the crowds.