

Saturday Special Report
retail wonderland; shoppers' heaven

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In what seems like a few short years, Singapore has been transformed into a temple of retail

TOURISTS here are parting with their shopping dollars at a much faster rate than ever before, new figures show.

According to the Singapore Tourism Board's (STB's) latest Tourism Sector Performance report, tourists spent almost \$4.5 billion on shopping last year. This is a 13 per cent increase from around \$4 billion in 2010.

Shopping - which made up 20 per cent of total tourism receipts last year - came in second after spending on sightseeing and entertainment (including gaming at the casinos).

For several years now, Singapore has been pulling out all the stops to become the region's retail capital, to keep those billions flowing into local tills.

In fact, the little red dot has upped the ante. After all, the Singapore shopper had grown more cosmopolitan and better travelled. She demanded more and craved the very cream of global retail.

Tourists too were becoming more discriminating as new malls and shopping strips sprung up all over rising Asia. They wanted more too.

Those wishes have been granted with an eye-popping makeover of Orchard Road and the emergence of the ultra-luxe shopping venue at Marina Bay Sands.

In the past three years, seven malls have come up in these prime areas.

With their bright lights, shiny facades and state-of-the-art designs, new players Ion Orchard, 313@Somerset, Orchard Central, Scotts Square, Mandarin Gallery and Knightsbridge are like sparkling gemstones perched on the Orchard Road area's tree-lined streets.

Over at Marina Bay, The Shoppes at Marina Bay Sands offers a brand new smorgasbord of shopping temptations with more than 800,000 sq ft of retail and dining space.

In a battle of one-upmanship, the malls have been competing to bring in the biggest and most exciting brand names. Labels keen to make their presence felt in Asia leapt at the opportunity.

At least 30 new-to-market luxury and high-street brands have hit local shores in the last three years: from the better-known ones like US-based Michael Kors and Abercrombie & Fitch, and Japanese brand Uniqlo, to the less familiar ones like iRoo from Taiwan and Leonard of Paris.

With these changes, it is clear Singapore is now a shopper's paradise to match the best the world can offer.

Ms Ita Nurmilasari, 43, a tourist from Jakarta who travels at least three times a year to shop in Singapore, shares what draws her to Orchard Road: 'There are many malls and a wide variety of brands here. It is easy to move between the shopping centres and the walkways are broad, making it a pleasure to shop here. Plus, the discounts are good. So whenever I think about Singapore, I think of shopping.'

Real estate: Bright lights and the Lion City

THIS latest splash of shopping glitz did not magically appear overnight. It is the result of years of careful urban planning, most evident along Orchard Road.

To make the shopping street more attractive to both locals and tourists, the Government unveiled detailed plans for a revamp in 2005.

This involved the release of four plots along Orchard Road (three of them now boast Ion Orchard, 313@Somerset and Orchard Central) designed to ensure the development of more shopping and entertainment options.

There was also a \$40 million makeover starting in 2007 to widen pedestrian pavements, provide better lighting and lush landscaping.

Far from an act of retail indulgence, the move was vital to keep Singapore competitive.

'When neighbouring cities like Thailand and Malaysia are alternative shopping destinations, Orchard Road needed a cohesive image so that tourists would be convinced on why they should come here to spend,' says Dr **Lynda Wee**, adjunct associate professor in retail at Nanyang Technological University's (NTU's) business school.

As new players like Ion Orchard and 313@Somerset geared up to be 'iconic' malls along the stretch, the older ones such as Paragon, Tangs and The Centrepoint scrambled to get a facelift to stay in the game.

By 2009, the streetscape, widened walkways, renovations and construction of most of the malls were complete; the 2.2km-long Orchard Road was ready to seduce shoppers and retailers.

Change along the strip is still going strong, albeit at a less frenzied rate in recent years. OrchardGateway, a new development, will be ready by next year while Wisma Atria and Plaza Singapura are undergoing yet another series of renovations to be completed this year.

With this conscious effort to improve on the retail infrastructure, 'Singapore has quality real estate that the brands want', says Dr Wee.

Professor Bernd Schmitt, executive director of NTU's Institute on Asian Consumer Insight (ACI), adds that Singapore is at the forefront in terms of space, displays, lights and merchandising.

'Look at The Shoppes at Marina Bay Sands and Ion. They are cutting-edge retail environments.'

The shoppers: Hey, big spender

WITH the launch of the two integrated resorts and events such as the F1 night races, record tourist arrivals are also changing the game on the retail scene.

The latest figures from STB show that visitors to Singapore last year totalled 13.2 million, a record high. This is a 13 per cent jump from 2010.

In the MasterCard Index of Global Destination Cities for the second quarter of last year, Singapore ranked fourth in the global top 20 destination cities by international visitors, beating other Asian cities like Hong Kong, Kuala Lumpur and Tokyo. In terms of international spending, Singapore took the ninth spot out of 20 cities.

With these sterling statistics, savvy international brands are flocking to Singapore to woo shoppers.

'The F1 races and resorts are bringing in a new breed of tourists - well-heeled, cosmopolitan global citizens used to a sophisticated retailing scene,' says Associate Professor Seshan Ramaswami of marketing education at Singapore Management University.

Brands have cottoned on to that fact and are also attracted to the strong local economy.

On top of the longstanding reasons brands come to Singapore - the strategic location in South-east Asia, an educated labour force and political stability - the mingling of cultures here is another.

'The multi-cultural market of Singapore is a great testing ground for consumers in other markets,' says Prof Schmitt.

Parisian luxury label Leonard opened its first South-east Asian flagship boutique at Scotts Square last month.

Its managing director, Mr Jimmy Lopez, explains the allure of setting up shop here now: 'Singapore is doing a lot to maintain its position as the shopping playground of South-east Asia. We wanted to bring our brand closer to potential customers from Indonesia and China, who visit Singapore often.'

The spending power of the locals is also a draw, he adds.

The median income of Singapore households was \$7,040 a month last year, up 11 per cent from 2010, more than twice the rate of inflation.

At the other end of the spectrum, the number of millionaires in Singapore has climbed to its highest level yet at 99,000 in 2010, according to the 2011 Asia-Pacific Wealth Report released by Merrill Lynch Global Wealth Management and Capgemini. This figure is a 21.3 per cent increase from 82,000 in 2009.

The bigger the better

DESPITE the pricey rentals on the main shopping streets here, a flurry of brands - old and new; luxury to high street - have launched megastores here last year.

According to property consultancy CBRE, rental in prime Orchard Road spots averaged \$31.60 per sq ft per month at the end of last year. This did not deter Swedish high street chain H&M from launching its 33,000 sq ft store at Orchard Building; or American sportswear brand Abercrombie & Fitch from taking up 21,000 sq ft of space at Knightsbridge.

Over at The Shoppes at MBS, the crown jewel is Louis Vuitton's first floating boutique in the world. Housed in the Crystal Pavilion, it is the biggest Louis Vuitton boutique in South-east Asia.

Why the need for such mammoth stores?

Retail experts say it is all about strategic branding.

'It is all about visibility,' says Dr Wee of NTU. 'Take for example H&M. They have a good frontage at the cross roads. It's their first boutique in South-east Asia and they need a space that projects the vision that they are excited about the region and are here to stay.'

Prof Schmitt of ACI says big spaces also allow 'the owner to sell the brand through events and creative activities'.

One example would be how Abercrombie & Fitch had a file of well-built, bare-torsoed young men line up around the boutique one week before its opening on Dec 15 to create hype.

For luxury labels, big spaces are even more essential for branding.

The academic director of MBA International Luxury Brand Management at Essec Business School, Mr Simon Nyeck, agrees. He says: 'Huge flagships convey the whole brand universe in a grand way, so consumers of new markets who are discovering the brand for the first time will know that they are in a luxury landscape rightaway.'

Add to that the fact that large floor spaces do more than just impress shoppers, adds Dr Wee.

'For example, Orchard Road has become a street where merchants from all over come to see what we have and consider bringing the concepts back to their own countries,' she says. 'So the brands are using the shopping street to showcase what they have.'

Upsized boutiques are also a result of a trend where brands are placing more priority on the local market and relying less on distributors to enter the scene.

'We are seeing more brand principals managing their direct retail experience in Singapore,' says Mr Chris Chong, senior vice-president of Asset Management at YTL Starhill Global Reit Management, which manages Starhill Global Reit.

The Reit owns 74 per cent of the total share value of the strata lots in Wisma Atria. 'Brand principals place stronger emphasis on brand-building and product offering,' he adds.

One such label is Coach, which is taking over its direct retail businesses in Singapore from luxury goods distributor Valiram Group. It will be opening its first directly run store in Wisma Atria when the renovations are completed in the third quarter of this year.

Challenges ahead

ALTHOUGH it's going full steam ahead now, the rules of the game for Singapore's retail scene are constantly changing.

For the malls, the challenge is in choosing the right tenants so that they will stand out from the competition, says Ms Lau Chuen Wei, executive director of the Singapore Retailers Association.

Prof Schmitt says local retailers will also have to pay more attention to branding in the face of international flagships.

'The cycle of newness in retailing is getting shorter and shorter. The brands need to get more creative, like holding unusual events that draw attention.'

And although they might struggle to stay relevant, 'the competition will spur local retailers to improve their offerings as well as service levels', adds Prof Ramaswami.

As for the new flagship stores, resilience is key through good times and more difficult spells - such as the one they are facing just now.

'Singapore's economy depends on its trading partners across the world, many of which are experiencing volatility and a pessimistic outlook,' says Prof Ramaswami.

'So the brands need to be patient about recovering their investments and to temper their expectations for the first couple of years.'

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Consumers have become more discerning and retailers are meeting the challenge, as shown by the ultra-luxe shopping venue at Marina Bay Sands, for example. -- ST PHOTO: DESMOND LIM

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