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**SPEECH BY MR LEE YOCK SUAN,
MINISTER FOR TRADE AND INDUSTRY AND
SECOND MINISTER FOR FINANCE,
AT THE 20TH ANNIVERSARY BALL OF
THE SINGAPORE RETAILERS' ASSOCIATION
AT THE RITZ CARLTON
ON TUESDAY, 12 AUGUST 1997 AT 8.00 PM**

The retail sector is an important part of Singapore's economy. Shopping is also a favourite past-time of Singaporeans and a necessity for all of us. The attractiveness and productivity of our retail industry therefore affect our quality of life and cost of living.

The retail sector is also a key component of our tourism industry. According to Singapore Tourist Promotion Board (STPB)'s survey of overseas visitors in 1996, shopping was still the most popular activity among tourists. An overwhelming 84 per cent of all visitors shopped while in Singapore, contributing about \$3 billion in foreign exchange. The variety and value of goods that can be purchased in Singapore as well as the level of service both impact on the tourists' impression of Singapore as a place to visit.

The retail sector has continued to grow in recent years but at a slower rate. Its annual increase in value-added has declined from 9.7 per cent in 1992 to 2.7 per cent in 1996. The market is going through a period of

consolidation as it adjusts to changes in demand and over-capacity in some segments. Although domestic spending has increased, more Singaporeans are also travelling overseas and finding it worthwhile to shop abroad. In 1995, Singaporeans spent about 12 percent of their total consumption expenditure abroad as compared to about six per cent in 1985. Tourist expenditure in Singapore has grown by about 20 per cent from 1992 to 1996 but its share of total private consumption in Singapore has declined from 25 per cent to 21 per cent over this period.

Singapore had a strong reputation as a "shoppers' paradise" in this region, offering the best range of merchandise duty-free and at attractive prices. In fact, Singapore was the only place in this region where one could obtain certain high-quality merchandise or branded goods. Otherwise, one had to travel to the developed countries to get them.

In recent years, neighbouring countries have put up new shopping complexes, reduced tariffs and narrowed the gap with Singapore. Although Singapore still has the best range of merchandise, one can now purchase many branded goods in neighbouring capitals like Kuala Lumpur and Jakarta, sometimes at lower prices.

The Government has been monitoring the situation. On the issue of lower tourist spending, besides keener regional competition, we have also observed changes in tourist profile and spending habits. Although our visitorship figures are increasing, tourist spending has not increased correspondingly.

In the light of these changes, STPB has fine-tuned its marketing

efforts and promotional messages to better target the high yield tourism markets. STPB has invested heavily in initiatives like the Great Singapore Sale and Celebration Singapore, and expanded its marketing activities overseas. A closer partnership between the Singapore Retailers' Association (SRA), its members and STPB in these activities would help in attracting to Singapore a greater number of high-spending tourists, provided of course we are able to offer these visitors value in terms of quality, experience and pricing.

However, these efforts at the macro-level are not sufficient. In today's highly competitive environment, retailers in Singapore must develop new attractions and move from competition in terms of price to competition in terms of product and service quality. Shopping should be an enjoyable experience and offer value for money. There should be courteous and reliable customer service both during and after sales. Payment at the cashier should be quick and easy. If retailers succeed in doing these, the result will be higher tourist spending and better patronage by local shoppers.

Retailers need to be more innovative and place greater emphasis on quality, productivity and service excellence. The SRA can play a part by helping the retail industry to keep abreast of emerging retail trends and practices in the established markets of USA, Europe and Japan. The innovations and creative business practices developed by successful retailers overseas should be carefully studied, and adopted by our local retailers, where appropriate. This dissemination of information is valuable, particularly for many of our small-and-medium-sized retailers who may not be in a position to acquire such knowledge on their own.

In the important field of education and training besides the regular courses, I understand that SRA is also looking at developing structured "on-the-job" training programmes. This will appeal to retailers who are currently reluctant to release their staff for training during working hours due to the tight labour situation.

I am also happy to note that SRA is currently studying the "Back-to-Work" scheme initiated by the Labour Ministry, the National Trades Union Congress (NTUC) and the Productivity and Standards Board (PSB). It is aimed at getting the 770,000 economically-inactive individuals such as retirees and housewives to rejoin the job market. The Back-to-Work Scheme is particularly suitable for individuals wishing to work in retail establishments close to the Housing and Development Board (HDB) housing estates. If this scheme proves successful, it can reduce the manpower shortage, and help improve the quality of sales service in Singapore.

There are currently many Government schemes administered by the Economic Development Board (EDB), National Computer Board (NCB) and PSB to provide financial and technological assistance to retailers to upgrade their operations and increase productivity. I would urge more retailers to take advantage of these schemes.

Over the past 20 years, SRA has been assisting retailers to weather the ups and downs in the retail industry. However, the operating environment today is different and much more competitive. SRA's strong and progressive leadership is therefore all the more important. The challenge is for SRA to assist its members to better understand market conditions and adopt appropriate investment and marketing strategies. Only by constantly striving

to provide the best-quality goods and services can we revitalise the industry and make shopping in Singapore an enjoyable experience, both for Singaporeans as well as tourists.

I congratulate the Singapore Retailers Association on its 20th Anniversary and wish all members a successful year ahead.

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