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Retail Industry Transformation Map to Drive E-Commerce & Omni-Channel Formats to Enhance Growth and Competitiveness

Second of 23 industry-specific roadmaps launched

1. The Retail Industry Transformation Map (ITM) was announced by Mr S Iswaran, Minister for Trade and Industry (Industry) today at the Singapore Retail Industry Conference (SRIC) 2016. This is the second roadmap to be announced following the launch of the Food Services ITM. The Retail ITM aims to create a vibrant retail industry, comprising highly productive retailers, local brand owners with global footprints, supported by a professional and skilled workforce.

2. In addition to improving productivity to address headwinds that the industry is currently facing, the Retail ITM also aims to exploit growth opportunities ahead, highlighting focus areas that retailers can improve to stay competitive. Key strategies mapped out include the need to focus on innovation and the adoption of new technologies to drive productivity and competitiveness, as well as having the flexibility to adapt to evolving trends in jobs and skills. Strong industry partnerships and internationalisation were also highlighted as central to the industry's transformation.

Importance of the Retail Industry

3. Retail is an important industry in Singapore, made up of about 21,000 retail establishments contributing almost 1.4% to GDP and employs approximately 3% of the total workforce[1]. The industry encompasses a wide range of sub-sectors, including supermarkets and convenience stores, fashion and sporting goods, consumer electronics, department stores, jewellery & timepieces and furniture and household products.

4. The launch of the Retail ITM takes into consideration the challenges of the industry in Singapore, mainly attributed to fewer business travellers, lower spending per person, and consumer shifts from brick-and-mortar to e-commerce. Many local consumers have also turned to foreign e-commerce sites to find a wider variety of goods at much lower prices as compared to traditional shops.

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[1] 2015 DOS Data - Operating receipts for the industry totalled to S$35 billion.

Innovation and Technological Efforts to Boost Productivity and Growth

5. To address the changing buying patterns of consumers, SPRING and Infocomm Development Authority of Singapore (IDA) are taking a concerted approach to help SMEs in the retail industry with e-commerce[2]. Retailers can look to expand their markets locally and internationally through e-channels, beyond traditional "brick and mortar" retail shops. Adoption of an omni-channel strategy is encouraged for retailers to better reach out and support targeted end-to-end consumer needs across both online and offline channels.

6. "Integrating brick-and-mortar retail with e-commerce will be useful for business growth. Another benefit is for retailers to build customer communities and be able to engage their customers more effectively", said Dhinakaran, President of Singapore Retail Association and Board Member of Singapore Productivity Centre.

7. To help alleviate retail manpower crunch at both store-front and back-end, and to drive operational excellence, the piloting of emerging technologies needs to be considered. The deployment of humanoid assistants to provide customer service, as well as RFID applications for inventory management, automated retail services and cashier-less stores are some of these possible solutions. Retailers can also look forward to utilising Augmented Reality (AR) to enhance seamless experiences in store and at home.

Changing Jobs & Skills to Shape the Future of Retail

8. The retail industry is anticipated to see less rank-and-file and more skilled workers performing roles significantly distinct from traditional job scopes. Trends such as e-commerce and omni-channel retail models will pave the way towards a leaner workforce. The industry is encouraged to upskill workers in the latest in-store technologies to meet the anticipated demand for specialists in digital marketing, e-commerce and data analytics.

9. Besides providing SMEs with access to e-commerce platforms, SPRING is also working with Singapore Workforce Development Agency (WDA) to conduct master classes on omni-channel retailing and digital marketing[3]. To date, more than 25 companies have benefitted from these classes. The agencies will introduce more initiatives to build up omni-channel retailing capabilities in local enterprises. SPRING and WDA will also embark on a Job Redesign Study in Oct 2016 to develop frameworks for retailers to review their business models and implement job redesign to create higher value-adding jobs.

Strong Partnerships Central to Transformation and Internationalisation

10. Internationalisation is critical for growth in the retail industry, given limitations in our domestic market. To facilitate retailers' entry into overseas markets, businesses can partner international e-commerce platforms for better outreach to overseas clients. Retailers can

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[2] Please refer to Annex for information on the iSPRINT programme.

[3] Please refer to the Annex for information on the Masterclasses.

participate in International Enterprise (IE) Singapore's e-commerce partnership platforms or tap on their Global Company Partnership Grant to develop digital marketing capabilities[4].

11. Retailers can also seek out the services of industry partners for growth in overseas markets. The Singapore Retail Association (SRA) and the Singapore Productivity Centre (SPC) have worked in tandem to organise industry initiatives such as the SRIC, which facilitate learning and networking opportunities. SRA has subsidiaries which run numerous skills and management courses for businesses as well. SPC too, offers various services like consultancy in the areas of process optimisation and business re-modelling. It also conducts annual benchmarking studies, and organises seminars and learning trips for the industry.

12. Mrs Kee Ai Nah, Group Director (Industry & Enterprise), SPRING Singapore, said "In these challenging times, retailers have to strengthen their business models and seize opportunities in growing areas. To stay competitive, they must explore innovative solutions and strive towards highly productive manpower-lean formats. We encourage retailers to tap leverage technology and retail digitalisation efforts to enhance growth."

13. Developed by SPRING in partnership with trade associations, unions and the industry, the Retail ITM is aligned with the Industry Transformation Programme announced at the 2016 Budget. It systematically lays out four principle pillars - productivity, innovation, internationalisation, and jobs and skills.

14. More information on the initiatives under the Retail Services ITM is enclosed in the Annex.

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[4] Please refer to the Annex for information on IE's GCP.

About SPRING Singapore

SPRING Singapore is an agency under the Ministry of Trade and Industry responsible for helping Singapore enterprises grow and building trust in Singapore products and services. As the enterprise development agency, SPRING works with partners to help enterprises in financing, capability and management development, technology and innovation, and access to markets. As the national standards and accreditation body, SPRING develops and promotes internationally-recognised standards and quality assurance infrastructure. SPRING also oversees the safety of general consumer goods in Singapore.

Please visit www.spring.gov.sg for more information and news about SPRING Singapore.

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About Singapore Retail Industry Conference (SRIC) 2016

The 25th Singapore Retail Industry Conference (SRIC) is organised by the Singapore Retailers Association and Singapore Productivity Centre. This conference is supported by SPRING Singapore and Workforce Development Agency.

The SRIC represents an important milestone in our national productivity efforts. The conference aims to provide valuable insights into the retail industry and case studies of best practices, to enable companies to be more productive and competitive.

The theme of the conference this year is Retail Innovation for Sustainable Growth". The conference aims to inspire companies to achieve greater sustainable growth through innovation and best practices, shared by international and local experts and key players.

Mr. S. Iswaran launched the industry transformation map for the retail sector at the SRIC 2016.

<u>Annex: Initiatives under the Retail ITM</u>

Supporting Retailers in their Adoption of technology to boost SMEs' Productivity and Growth

<u>Enhanced iSPRINT</u>

SMEs can look forward to deploying a broader range of technology solutions to increase their productivity and growth with IDA's Enhanced iSPRINT (Increase SME Productivity with Infocomm Adoption & Transformation) programme.

Enhanced iSPRINT enables small and medium-sized enterprises (SMEs) to use smart technology, such as sensors, analytics and autonomous systems, to boost productivity and growth. Enhanced iSPRINT incorporates the $500 million ICT for Productivity and Growth (IPG) programme announced by Mr. Tharman Shanmugaratnam, Deputy Prime Minister and then-Minister for Finance, at Budget 2014.

To-date, more than 8,000 SMEs have benefited from iSPRINT deploying smart tech solutions that are designed and mapped to their sectors' workflow needs to benefit SMEs within the sectors.

Enhanced iSPRINT can support up to 80% of project costs (capped at $1 million per SME) for ICT solutions that can potentially transform a sector, and up to 70% when SMEs deploy proven sector-specific tech solutions. SMEs do not need to make claim submissions.

To equip SMEs with faster connectivity, IDA also supports SME's fibre subscription plans (at least 100 Mbps) and implementation of Wireless@SG within their business confines.

For more information on IDA's Enhanced iSPRINT programme, please visit: https://www.ida.gov.sg/Programmes-Partnership/Store/Enhanced-iSPRINT

Supporting Retailers in Adopting Manpower-lean Business Models and Innovative Concepts to Drive Top-line Growth

BCG-SPC Retail Best Practices Masterclass

To assist retailers in areas such as concept development and in identifying untapped opportunities in productivity, the Singapore Productivity Centre (SPC) has collaborated with Boston Consulting Group (BCG), with the support of WDA and SPRING, to deliver the Retail Best Practices Masterclass Series. It aims to help retailers capitalise on market opportunities by facilitating access to world-class tools in decision sciences, data analytics and insights to solve business challenges more quickly and effectively.

The practical and hands-on programmes which aid retailers in developing innovative and differentiated concepts, as well as adopting manpower-lean business models and solutions to help drive top-line growth, commenced its pilot run in August 2016. SPC will continue to drive enterprise productivity and innovation for sustained growth, and boost competitiveness through consultancy work, training, study missions and benchmarking

SMEs and large retail enterprises who need more information can visit http://www.sgpc.sg/retail-masterclass/

Omni-channel Retailing and Digital Marketing Masterclasses

SPRING and WDA has organised omni-channel retailing and digital marketing masterclasses. These classes target retail executives to deep dive into web analytics, search engine optimisation (SEO) and paid search, and allow participants to gain hands-on experience in building a multi-faceted business strategy which leverage on social and digital strategy for commerce, web analytics, SEO and online advertising.

SPRING and WDA will continue to work closely to introduce more initiatives to equip the workforce with the relevant omni-channel retailing skills to help businesses build up their omni-channel retailing capabilities.

Please visit www.wda.gov.sg for more information and news about WDA.

To Encourage Building of Digital Capabilities and Digital Adoption when Venturing Overseas

<u>Global Company Partnership Grant (GCP)</u>

International Enterprise (IE) Singapore helps Singapore companies expand overseas based on the stage of their internationalisation journey. It offers a suite of assistance programmes under the Market Readiness Assistance (MRA) and Global Company Partnership (GCP) framework.

- For those new to internationalisation, the MRA is a broad-based programme designed to prepare companies for overseas expansion through learning and networking, knowledge resources and financial assistance. Specifically, the MRA Grant supports SMEs in digital marketing projects for overseas market promotion.

- For companies seeking to deepen their global footprint, the GCP Programme provides a customised, in-depth approach to help companies through building internal capabilities, developing manpower, accessing markets, and providing access to financing under the GCP grant. This covers digital strategies including the development of e-commerce infrastructure.

For more information, please visit http://www.iesingapore.gov.sg/Assistance/Overview