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**SPEECH BY MR YEO CHEOW TONG  
MINISTER FOR TRADE AND INDUSTRY  
AT THE OPENING OF THE LOT 1 SHOPPERS' MALL  
12 JANUARY 1997 AT 7.00 PM**

## **Suburban Retailing**

I am happy to officiate at the opening of the Lot 1 Shoppers' Mall today. The latest addition to the suburban retail scene, Lot 1 reflects the growing popularity of suburban retailing in Singapore today. For residents in HDB New Towns, suburban retailing is appealing because it brings Orchard Road-style shopping and entertainment to their doorstep. Suburban malls today also house diverse businesses and services under a single roof, thus providing a convenient one-stop service outlet.

Lot Shoppers Mall is a case in point. It boasts of a mix of tenants and facilities ranging from departmental stores, supermarkets, bookstores, banks, fast-food outlets and a food court, to an NTUC Lifestyle Centre, a cineplex, a bowling alley, a family entertainment centre, and a community library. With good marketing and promotion, and provided the prices are competitive, Lot 1 should be popular with residents in Choa Chu Kang and the neighbouring estates.

## **Competition In The Retail Sector**

In recent years, the growing popularity of suburban retailing has resulted in stiffer competition for retailers in the downtown shopping belt like Orchard Road. But it does not necessarily spell doom and gloom for the downtown shops.

Orchard Road will retain its allure for international brand names and major retailers setting up flagship stores. After all, it is still synonymous with shopping in Singapore for most tourists here - in the same way that Oxford Street is synonymous with shopping in London, and Fifth Avenue with shopping in New York. In fact, the proposed Mall of Singapore which will cover most parts of Orchard Road is one of the thematic zones which the Singapore Tourist Promotion Board (STPB) is developing under the Tourism 21 Plan. One of the first projects STPB is embarking on under the proposed thematic zone is to work with shopowners in Orchard Road to conceptualise a masterplan for the development of Orchard Road.

On the other hand, suburban malls must not take their popularity among residents for granted. New suburban malls will be opened as HDB building programme continues to expand. Existing neighbourhood centres will also be upgrading themselves in order to be more attractive and competitive. The novelty factor of older suburban malls will also wear off with time, especially as other newer suburban centres open up.

Suburban malls also cannot hope to be insulated from the challenges our retail sector is facing today. The retail sector faces a number of challenges which are probably known to most of you already. These include increasing competition from new shopping malls in the region, more Singaporeans shopping

abroad to take advantage of the strong Singapore dollar, the slowdown in our tourist arrivals in the last few years and the disposable income of many Singaporeans being locked up in large ticket items like properties and cars.

Another important reason is the oversupply of retail space in the market. The potential supply of retail space is expected to grown by a average of 3.5 per cent per annum between 1996 and 2000, to bring the stock of retail space to 3.5 million square metres by year 2000. Although URA has tapered off its release of land programme since 1993, the situation cannot be turned around overnight because of the long time lag between land release and building completion. Besides, most of the new retail space will be released by the private sector.

### **Meeting These Challenges**

It is important that when sizing up new business opportunities in the retail sector, developers and retailers alike should keep in mind the keen competition they will be facing. The competition has already resulted in some big player exiting from the Singapore market, and more may well decide to do so. But for every bigname store which closed, there too have been success stories. Let me offer two suggestions on why I think these retailers have succeeded.

Firstly, retailers which succeeded are those who have been able to spot consumer trends. They have stood out by responding innovatively with new retail concepts that appeal to their target market. Some of you may have read from the newspapers of taxi drivers and durian sellers who accept orders via fax. I have been told that there are driving instructors who accept bookings via the Internet and stalls in foodcourts in HDB New Towns which sell French cuisine!

Though the business nature of different shops varies, the importance of distinguishing oneself from the pack is equally applicable to all.

Shopping malls also need to distinguish themselves from the pack. If one studies the tenant mix of some of the newer malls carefully, it is actually not too dissimilar. This means that shopping malls need to evolve their own character and identity with time. It is particularly important for suburban malls to blend in with the estates where they are located so that they can become important focal points for community living in those New Towns. For example, you can support your grassroots organisations and other social and cultural groups by offering your premises for their activities. Not only will you project yourself as a good corporate citizen by doing so, but these activities will also help to breathe life into your malls, walkways and shops. It is a win-win situation for all.

Secondly, retailers which succeeded have also placed a premium on good, quality service to their customers. This is especially necessary in a market place which shops often offer nearly the same products and services, so that customers shop on the basis of customer service since the price is not too dissimilar anyway. Nordstrom in America is an example of a retailer whose name has become synonymous with good service quality. At home, Robinsons has consistently made a name for itself as a store that gives quality service, having bagged awards such as STPB's Best Shopping Experience - Retail Outlet Award, on a number of occasions. Other inspiring examples of customer-winning stores are World of Sports, Royal Sporting House and Giordano. Along with Robinsons, these stores believe that rigorous staff training to provide good customer care is the key to success in our retail market.

To support the objective of promoting quality service, the STPB and SRA will be working closely to launch a Quality Retail Scheme this year. Under the

scheme, retailers who rely heavily on tourists for their businesses and consistently provide outstanding services to tourists and locals who patronise their stores will be identified. STPB will help to market them to the world. Retailers on the scheme can also use the scheme to make their name known. In time to come, we hope that the scheme will spur all retailers to make quality customer service an industry-wide norm.

### **Conclusion**

Festive seasons like Chinese New Year and Hari Raya Puasa are traditionally some of the busiest periods for retailers. With the Year of the Ox and Hari Raya Puasa both just three weeks away, the opening of the Lot 1 Shoppers' Mall today could hardly have been better timed. Let me in closing wish City Developments Limited and tenants in Lot 1 Shoppers' Mall a good start to the opening of the Mall, and every success in the year ahead.

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