

**O**F LATE, the common refrain heard on the street is that retail is dead. No doubt the sector is going through tough times, with the economic recovery not translating into higher consumer spending, while smaller players have to contend with increased competition by e-commerce giants such as Amazon muscling into the scene.

This is on top of the usual high rents, manpower shortage and the crowded market that the sector is already experiencing.

But the doomsday declaration of the demise of retail in Singapore is perhaps more alarmist than reality. Industry watchers tell *The SME Magazine* that far from dying, retail is simply transforming.

Through various means such as artificial intelligence, data analytics, virtual reality cashless payment systems and going omni-channel, small and medium-sized enterprises (SMEs) share how they find new ways to break through the retail malaise.

**CHALLENGES**

To be fair, the challenges faced by SMEs in the retail sector are indeed daunting. And this is not limited only to Singapore, but retailers all over the world. Even the big boys are not exempted – once dominant in its field, toy giant Toys 'R' Us is the latest to file for bankruptcy protection in the US.

Seshan Ramaswami, associate professor of marketing education at Singapore Management University, believes that the problems affecting the sector comes down to several main issues.

The first is the proliferation of malls in Singapore. Second, the rise of cheap regional travel means that Singaporeans do not have to shop here anymore. Similarly, foreign tourists can now find better shopping environments elsewhere in terms of both assortment and price. E-commerce can also impact the bottom line of retailers who are not in that space. Finally, retail rents continue to be high despite operational difficulties faced by many retailers.

“Put these five trends together, and it is easy to see that the local small retailer is really squeezed into a tight corner,” he says.

The difficult external environment is not helping either. “The negative impact of global uncertainties on macroeconomic factors in Singapore continues to dampen consumer spending power and consumer confidence,” says Megan Ong, director, Nanyang Polytechnic’s Singapore Institute of Retail Studies.

With overall underperforming retail sales and changing consumption patterns, Ms Ong notes that many retailers have



# SURVIVING THE BRAVE NEW WORLD OF RETAIL

BY VIVIEN SHIAO

The doomsday declaration of the demise of retail in Singapore is perhaps more alarmist than reality as industry watchers say that far from dying, retail is simply transforming

been thrown off-balance and are “trying to get a grip on successful business models to propel sales again”.

Elijah Woo, creative director of watchmaker H2 Hub, says that as the world becomes more connected, the very thing that needs changing is the business model itself. “Strategy has to come from your passion and your core competencies,” he notes.

But because of changing trends which affect consumer purchase habits, trends and preferences, many companies fail to keep their passion and core competencies relevant, he adds.

**KNOW WHAT YOU DON'T KNOW**

The retail outlook here may seem bleak, but not all SME owners despair. Anders Peter Juel Sauerberg, CEO and co-founder of Norbreeze Group, sees opportunity even in the present market conditions. His Singapore-headquartered company distributes retail brands such as Daniel Wellington, Bering and Pandora in Asia, with a core focus on jewellery and watches.

He shares: “The slowdown and challenging market conditions have also urged us to reflect on our strategy, business strengths and weaknesses, and how we can continue differentiating ourselves and strengthening our position in the markets we operate in.”

Like others in the industry, the group has been trimming costs, closing unprofitable stores, optimising operations and automating back-office processes to move itself forward amid the retail slump in Singapore.

But for all this to take place, data is key. Thus, Norbreeze Group is moving towards a more data-driven organisation from the store front to the back office. “This will assist us in making faster, more objective and better decisions,” explains Mr Sauerberg.

Another company that uses data analytics and business intelligence tools to analyse consumers’ shopping behaviour is local furniture store Commune. CEO Joshua Koh says that these tools are used for better targeted marketing and retail strategy implementation.

Data is gathered during a consumer’s online journey to find out what he wants, needs or finds lacking so that the company can improve its services. Mr Koh explains: “This helps us plan inventory efficiently and understand which items fare better than others, optimising business costs and time.” With the information at their fingertips, improvements can be made much quicker, he adds.

**ONLINE, OFFLINE OR BOTH**

The ability to find out customer trends and needs by gathering and analysing data is one key reason why the “omni-channel” model is all the rage now. Nanyang Polytechnic’s Ms Ong acknowledges that while no single model – be it e-commerce, brick and mortar, or omni-channel – is superior, the latter has taken the world by storm.

Omni-channel, or what she terms as New Retail, leverages on big data to understand customers’ personalities, develops products targeted at them, and is followed by channel strategy to reach out to customers with “laser precision”, she says.

With this approach, retailers can engage consumers both digitally and experientially, 24 hours a day, regardless of location. Ms Ong quips: “Anytime, anywhere is a good time to win customers with targeted information that culminates into sales opportunities.”

Loo Pei Fen, chief marketing officer of Challenger Technologies, says that the reality today is that the lines between online and offline are now blurred. She explains: “Customers can start their purchase journey by gathering product information either online or offline, and can complete their transaction either online or offline.”

Instead of debating which approach is better, companies have to be omni-present in the channels that are relevant to their unique value propositions, says Ms Loo. For example, small

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businesses may find it easier to start personal online communities or forums to discuss new products, while large businesses may find it easier to move clearance stocks via a large-format sales promotion online.

Challenger Technologies has a retail presence with almost 40 stores across the island as well as an online marketplace where customers can opt for delivery or choose to “click and pick” at their stores. Says Ms Loo: “The latter is an important option for high-ticket items such as mobile phones and laptops where customers still prefer to view and check the product before accepting it.” Ultimately, businesses have to do what works for them, she sums up.

### TECH IS ABOUT THE PEOPLE

Technology can boost efficiency and productivity, but most of all, it is about improving the customer experience. For bridal shop La Belle Couture, artificial intelligence is used to give customers instant replies to their queries, shares managing director Teo Peiru.

This is made possible by a 24/7 chatbot solution on its Facebook platform that allows customers to book appointments directly.

In addition, the shop is the first in Singapore to implement an augmented reality gown fitting technology, where customers get to try on more than 20 gowns within a minute without actually having to physically put them on.

Commune is another retailer that invested in the use of virtual reality (VR) and 3D space planning in store for customers to better visualise how their dream home would look like before it becomes a reality. Commune’s Mr Koh says that its 3D space planning solution is a “critical value-add” to the customer who may be starting on their home renovation journey for the first time. It is all about the customer experience, he says. Not

only does such technology inject some fun into the whole process, it also helps customers feel more comfortable and more confident before they purchase, he adds.

Improvements in technology also help customers to make better decisions. Lim Tze Hsien, managing director of UPS Singapore, says: “Information is central to consumer decision-making, and each retailer must provide sufficient information to satisfy shoppers by showing inventory status, shipping options and cost.” Integrating e-commerce sites with shipping systems can also smoothen business operations and create a more consumer-friendly buying experience, he adds.

Mr Lim shares that logistics solutions, such as simple returns and exchanges processes, as well as delivery notifications, also play a major role to improve customer experience. And with more shoppers in Singapore preferring to make purchases online, Mr Lim suggests that small businesses invest in mobile-optimised e-commerce platforms to stay competitive.

He says: “When creating an omni-channel experience for their customers, retailers must no longer see logistics as just a means to complete final mile delivery, but leverage on it so it becomes a competitive edge.”

### THE MILLENNIAL GENERATION

One thing that all retailers recognise they must do is to cater to the millennial generation. An entire generation of consumers is now active on social media, and depend on it for recommendations on what to eat, what to do and where to go.

Norbreeze Group’s Mr Sauerberg says that millennials are an important consumer segment for its brand portfolio, and that the group is “very active” on social media to constantly stay close to its customers. He adds: “We also understand the reach of social influencers, and strategically collaborate with and engage a wide range of influencers locally and in the markets we operate in.” An influencer is generally used to describe a user on social media who has established credibility in a specific industry.

At La Belle Couture, a lot of effort is spent on social media to create content such as educational videos, blogs and even a book to attract millennials. Says Ms Teo: “Our team is also relatively youthful, and that helps us to connect with our target customers to better empathise and think from their point of views.”

Contrary to popular opinion that millennials only shop online, this group of consumers do shop in stores. However, they value the entire experience, and that is the reason why more retailers are conducting workshops and activities instore. Some retailers even design their stores to

be more “Instagram-worthy” in the hopes that millennial customers will post pictures on social media.

Not only do retailers want to attract millennial customers, they also want to attract young people into their ranks as well. H2 Hub’s Mr Woo says: “Millennials generally like to have high pay because they want to feel appreciated, but more importantly, they also want a sense of purpose.” Creating that sense of purpose is similar to branding where there is a narrative, he adds.

“For us, we have a common vision, and that is to place Singapore on the world map for watchmaking. Why is the watch industry always dominated by the Swiss? Why can’t Singaporeans also be well known for making watches? This purpose drives us and makes us focused. Similarly, millennials in our team are driven by this purpose to do our brands proud.” In addition, Mr Woo adds that he empowers his staff and refrains from micro-managing so that they will improve and enjoy their work.

### DON’T FEAR THE GIANTS

Lack of scale is not an indication of success or failure, and the rise of e-commerce giants such as Amazon does not mean the end of small retailers. The retail statistics may look gloomy, but many SMEs have found creative ways to get around their lack of resources.

There is no need to compete with these giant retailers, says Nanyang Polytechnic’s Ms Ong. “Actually, e-commerce levels the playing field to some extent . . . Instead of being intimidated, small retailers should focus on their strengths and niche areas.” For example, small retailers can also leverage e-marketplaces and ecosystems without burning a hole to set up their own e-commerce site, she suggests.

La Belle Couture’s Ms Teo also believes that small retailers should play to their strengths. Technology is one way that they can be “larger than life”, she says. “Being small, we can move fast and adapt quickly. Being resistant to change is dangerous and deadly as bigger players can easily squeeze smaller players out anytime.”

She adds that the company is constantly testing out and trying out different channels to reach customers as consumer behaviour can change quickly. “We must feel the pulse and be ready to ramp up efforts on any channel that works rather than scramble when it is too late.”

Finally, Challenger Technologies’ Ms Loo says that small businesses have niche advantages, such as a personalised service and a more intimate feel during the transaction journey. This fits the old adage that “retail is detail”, she quips. She adds: “The one common factor across all businesses, including Challenger, is having the willingness and corporate courage to evolve with market changes.”

The circumstances may be challenging, but going the extra mile is what truly makes a difference. ■



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