

Covid-19 is changing the face of retail

The retail industry has been adapting to structural changes in recent years but the pandemic has made it clear that those changes haven't happened fast enough. Data from NUS' Institute of Real Estate and Urban Studies (IREUS) sets the stage for how retailers must reposition themselves to survive. **BY NISHA RAMCHANDANI**

- 1 The pandemic has hit retail sales harder than previous crises, with retail sales plunging nearly 34 per cent year on year in Q2 2020. In comparison, during SARS, the retail sales index declined by about 4.7 per cent, noted deputy director of IREUS, Lee Nai Jia.
- 2 While the retail sector has been fairly resilient in the past, structural changes have set in over the years, with e-commerce taking off and budget travel sending Singaporeans shopping abroad. In fact, rents of private sector shops in the Central Region have been on the decline since 2015.
- 3 Faced with rising operational costs, retailers have, over the years, turned to automation as well as an omni-channel strategy. They're focusing more on the retail experience too.
- 4 Mall landlords have also brought in experiential activities to drive traffic. They've changed up the tenant mix, introducing sportswear brands and more F&B options.
- 5 Covid-19 will have a transformative impact on the retail industry. As the circuit breaker took place in Q2 2020, more retailers went online, as did more consumers.
- 6 Loss-making retailers or those with wafer thin margins came under tremendous pressure. Those without cash reserves may have to shutter some stores to rein in costs.
- 7 Retailers are likely to keep overheads low and only expand if they are able to secure attractive rental terms, highlighted Dr Lee.
- 8 More retailers will leverage online channels to expand their outreach, and work with logistics partners for final mile delivery
- 9 Retailers may embrace more unmanned and cashless outlets to reduce social contact at physical stores

