

# COMMENTARY SERIES ON INDUSTRY TRANSFORMATION MAPS

A COLLABORATION BETWEEN CHANNEL NEWSASIA AND  
MINISTRY OF TRADE AND INDUSTRY

You've heard about the Industry Transformation Maps, but not sure how you or your company can be part of the transformation journey? A series of commentary pieces penned by industry representatives will offer interesting insights on industry trends, and share experiences about how they have overcome challenges and captured opportunities to transform themselves and be future-ready.

In the third part of this series, Mr Sherwin Siregar, Chief Executive Officer, Atlas Sound & Vision, shared the importance of local businesses creating an integrated and seamless omni-channel retail format, as we face e-commerce that is increasingly disrupting the retail industry and threatening the survival of brick-and-mortar stores. Read more below for the article.

## COMMENTARY: SINGAPORE RETAIL NEEDS TO AGGRESSIVELY EMBRACE E-COMMERCE

*Singaporeans increasingly see little compelling reason to visit shopping districts like Orchard Road, so retail businesses need to shape up, argues Atlas Sound & Vision's Sherwin Siregar.*

By Sherwin Siregar (first published on CNA Online on 6 June 2017)



Jem Shopping Mall was opened in 2013. (File Photo: Calvin Oh)

**SINGAPORE:** The e-commerce disruption started a few years ago, and the challenges it has wrought upon the retail sector are real and pressing.

E-commerce has broadened the choices that consumers have, for they can now order essentials and goods that can be delivered to their doorstep, without leaving the comforts of their couch. Old brick-and-mortar shops are closing down, all around the world.

Yet, many local retail players did not see the urgency of meeting this disruptive trend until recently, and are increasingly feeling overwhelmed by its challenges. Some feel blindsided, caught off guard by how many of their customers are now shopping online instead of popping into their stores, and are not sure how to meet these challenges head on.

### RETAIL MAY BE MORE LOCAL, OMNI-CHANNEL

This challenge to the retail sector is exacerbated by increased local competition. With the emergence of heartland malls in densely populated neighbourhoods such as Waterway Point, NEX and JEM, it is no wonder that Orchard Road and other central business district shopping areas are thinning out.

Accessibility to these areas, strengthened by the strong connection to transport hubs is one reason. More importantly, most working Singaporeans pass these heartland malls on their way home each day.

In these malls, Singaporeans get to enjoy a similar experience without the need to travel to Orchard Road. You find a similar offering of stores including big brands such as H&M, Uniqlo, Robinsons and Challenger. Some of these malls also provide a holistic family experience to those living in these heartlands, as they include facilities such as water playgrounds, a plethora of food and beverage offerings, plenty of parking spaces and state-of-the-art cinemas.

Orchard Road remains the icon of the Singapore shopping scene, and it will remain a draw mainly for tourists. But I see little compelling reason for Singaporeans to visit Orchard Road.

This is why some local businesses including ours believe in the importance of an omni-channel retail business format that incorporates e-commerce. Many have started by creating an e-commerce site and using it to supplement their existing brick-and-mortar business. Yet, some of these e-shops are stand-alone and operate independently as a separate business unit, unconnected to the business' physical shops. This is not omni-channel.

An omni-channel business model meets the needs of the consumer across all channels - digital or brick-and-mortar - and provides a compelling reason for the customer to do business with you. But what consumers need when researching a product online is different from what they want when they walk into a shop to see how a product works.

Big overseas players are way ahead of the curve when it comes to the know-how in providing an omni-channel experience to consumers. Local players have to play catch-up.

To succeed, we retailers need to figure out the roles of our physical stores and e-commerce in this new omni-channel business model. We need to know how both formats can be integrated so that regardless which channel the customers choose to purchase from, our business still benefit.

Most importantly, businesses have to trust that customers enjoy the integrated experience so much that they will choose to come back when the times come for their next purchase, or even recommend their friends and families.



"Click-&-mortar" is the concept behind Zalora's showroom in Ho Chi Minh City (Photo: Tan Qiuyi)

I think winners in this business are those who are able to deliver a seamless and integrated experience, leverage customer data to draw meaningful insights about what consumers really want, and create compelling reasons for customers to return.

Many ingredients have to be in place for this business transformation and change management to succeed. For this omni-channel format to take flight, businesses have to first and foremost be open to a mindset change.

Second, they need to be open to assistance and potentially accept a huge change in their business model. Third, senior management must lead the change and relentlessly pursue steps to make the changes happen, continuously monitor the results, and review further steps needed.

### INDUSTRY TRANSFORMATION MAPS CAN HELP RETAIL BUSINESSES TRANSFORM

The Retail Industry Transformation Map (ITM) is a good initiative to enhance retailers' edge in this fast changing business landscape. Under the ITM, there are avenues of support for businesses to focus on developing an omni-channel business model and find ways to give customers a more compelling reason to come back to retail businesses.

Many businesses in Singapore still depend on a traditional or "analogue" approach to reaching out to customers. Where the ITM can help is in driving the change in mindsets and enabling businesses to see, appreciate and execute strategies that leverage digital platforms that marry traditional approaches.

For example, the ITM supports the implementation of technology solutions to improve productivity, cut operation costs and facilitate the emergence of manpower-lean business models. This is vital as businesses struggle with increasing rental costs and manpower challenges.

With the disruptions posed by e-commerce and changing consumer patterns, retailers can sense the need and urgency to change, but they do not know how. The ITM shows them the steps, but it can only bear fruit if businesses discard old ways of doing things.



A woman passes closed shops in a section of a mall in Singapore. (File photo: Reuters/Edgar Su)

There is much work to be done for Singapore retail business to truly embrace this new omni-channel business model. I think the immediate way to get businesses onboard and committed, is by showing them the real and positive results from companies who have successfully embarked on this journey and have something to show for.

Next, specialists can be deployed, to hand-hold these companies along their transformation journey. These can be specialists who have expertise in creating digital strategies, restructuring processes, and managing change within the company.

Once you have a pool of companies who start to see the benefits of a new omni-channel business model, you have companies who will be hungry to learn more and want more out of their transformation journey. As a sector, we can then offer better retail options to consumers, grow the retail pie and reinvigorate our central shopping districts.

We might even find a way to revive Orchard Road.

*Sherwin Siregar is Atlas Sound & Vision's chief executive officer.*

