RETAIL REDEFINED

An Industry Transformation Guide

CONTENT

RETAIL IN SINGAPORE

Retail shapes the character of Singapore – it underpins the growth of the tourism industry and contributes to an enhanced quality of life for Singaporeans to live, work and play. There are around 22,000 establishments, in the retail sector today, contributing almost 1.4% to GDP and 3% of total employment*, making it a key industry for the nation.

The sector faces several near term challenges – intensified competition and a need to undergo structural shifts from brick-and-mortar outlets to e-commerce. The sector has to evolve and adapt to major trends like the omni-channel approach, as well as tap new growth opportunities and remain internationally competitive.

22,000 ESTABLISHMENTS
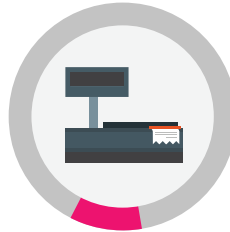
1.4% OF GDP

3% OF TOTAL EMPLOYMENT

Key Sub-sectors in Retail

FASHION & SPORTING GOODS

FURNITURE & FURNISHINGS

JEWELLERY & TIMEPIECES

SUPERMARKETS & CONVENIENCE STORES

CONSUMER ELECTRONICS

DEPARTMENT STORES

SPRING estimates based on 2015 data from the Department of Statistics and Ministry of Manpower

THE FUTURE OF RETAIL

While developments across the globe have increased the purchasing power of people, retailers will find that the rise in demand comes with increasingly complex expectations. Consumer preferences are shifting rapidly with the ebb and fall of trends. The wave of globalisation has also brought about an avalanche of shopping choices for consumers. In addition, the digital revolution has introduced new methods of shopping – be it through websites or mobile applications, or even through e-marketplaces – so retailers can no longer rely on their brick-and-mortar shops alone. To find new avenues for growth, businesses must be able to adapt to the changes with new technology and partnership opportunities.

Evolution of the retail landscape

150 MIL
Digitally Connected

01 E-Commerce market and online explosion

¼ of 400 million people in the ASEAN region shop online, and 150 million are digitally connected*. User penetration in Singapore is expected to reach 74%, with about 3.86 million online users by 2020**.

24/7 SUPPORT

02 Growing customer expectations

Consumers are better informed and seek both personalised products and seamless shopping experiences across multiple channels.

03 Technology and digitalisation of retail

Retailers need to innovate across their operations and invest in digital channels.

04 The omni-channel approach

The shopping experience today must encompass multiple channels, from the traditional brick and mortar stores to desktops and mobile devices.

Bain Southeast Asia Digital Consumer Survey, Nov 2015
**Statista, 2016*

HOW TO STAY IN STYLE

The 2020 vision of the Retail Industry Transformation Map (ITM) is for Singapore to have a vibrant retail industry. This comprises a mix of highly productive omni-channel retailers and local brand owners with global footprints, all supported by a professional and skilled workforce.

Strategy #1: Go digital, go international

Strong e-commerce capabilities will enable retailers to better reach the local and international market. Retailers must integrate stable e-commerce infrastructure and digital marketing capabilities into their business models.

Strategy #2: Build a brand story and innovate through R&D

Retailers are encouraged to foster brand loyalty by developing their own brands. They can also broaden their reach by differentiating their online and offline shopping experiences, targeting different consumers at various touch points.
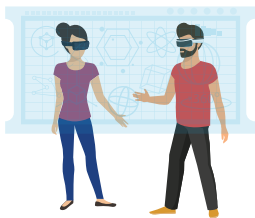
Strategy #3: Raise productivity through technology

To overcome manpower constraints, retailers must seek solutions to streamline processes at both the front-of-house and back-of-house. The goal is to become increasingly manpower-lean, where workers engage in higher value-added tasks.

Strategy #4: Develop a future-ready workforce

Lifelong learning is important to upgrade the current talent pool and equip workers with skills for the future. These include but are not limited to skills in data analytics and digital marketing.

STRATEGY #1:
GO DIGITAL, GO INTERNATIONAL

The omni-channel approach and entering new markets

Rising customer sophistication means that retailers must create seamless shopping experiences across multiple online and offline channels. To do so, retailers must rethink business models and improve supply-chain management, last-mile fulfilment processes, IT infrastructure and marketing practices.

Case study 1: CHARLES & KEITH

CHARLES & KEITH is a fashion lifestyle brand recognised for its curated collections of footwear and accessories. Its strong use of integrated digital solutions has enabled the brand to break into fashion capitals such as Dubai, Seoul, Shanghai and Taipei.

CHARLES & KEITH was one of the early adopters of e-commerce, setting up its online store as early as in 2004. The brand began with an e-commerce store running independently from brick and mortar outlets, but quickly moved to integrate the two by syncing its backend infrastructure. This resulted in responsive inventory management that allowed shoppers to browse products online and check the in-store availability of their chosen products should they prefer a physical shopping experience. This technology also enabled the ease of inventory reconciliation by the merchandise planning team, which facilitated the planning of a more optimised in-store merchandise mix based on shopper habits, countries and cities.

"Make it a seamless shopping experience for me."

Consumers can not only browse products online, but can also check on its in-store availability.

Syncing their backend infrastructure enabled CHARLES & KEITH to seamlessly integrate their e-commerce store with their brick and mortar outlets.

CHARLES & KEITH was also quick to jump onto the mobile bandwagon. From 2012 to 2015, it observed that its site visits from mobile devices had jumped from 20% to 55% – data that motivated the brand to develop its own mobile shopping app. Together, these diverse platforms – the app, website and physical stores – facilitated a smooth, seamless, omni-channel shopping experience.

These digital measures also provided CHARLES & KEITH with an avenue to enter global markets without a physical retail store. This helped the company to overcome the challenges associated with entering new markets such as finding appropriate shopping spaces, redeployment of labour and manpower management. These platforms provided efficient analytics and relevant customer insights, which in turn enabled the brand to complement its stores with a highly accessible e-commerce proposition. To date, CHARLES & KEITH's successful market penetration across the globe is attributed to having a foresight to go digital, as seen in its 42 international shipping destinations worldwide.

In a nutshell

Back-of-house
- Real-time inventory management
- Merchandise planning team adapts to customers' preferences

E-Commerce
- Develops own mobile shopping application
- Enters global markets without physical store

Seamless omni-channel shopping experience

Front-of-house
- Integrates online and physical stores

STRATEGY #2:
BUILD A BRAND STORY AND INNOVATE THROUGH R&D

Build your brand story through immersive shopping experiences

Multi-sensory experiences and in-store technology are crucial for brand differentiation and customer engagement. Customer journey mapping, which enables retailers to understand and address customer needs, experiential retailing and cutting edge in-store technology are all methods that retailers can use to differentiate their customer experience.

Case study 2: Commune

Commune is a local furniture design company that specialises in high-quality artisanal products and offers a unique customer experience to match.
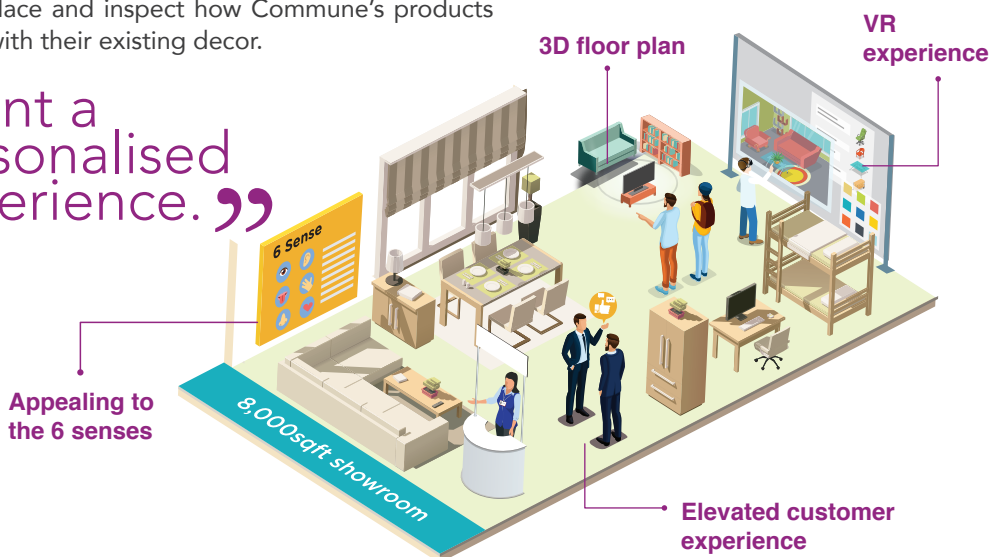
Curated videos, a signature scent and music – found across all of its stores – are just part of the multi-sensory Commune experience. The brand has gone the extra mile to help its shoppers visualise their dream homes and shop with ease. One way is through the development of a "co-lab". Together with its partners – Nippon Paint, Lamitak, OoLa Lab, Scene Shang, KBlu, Onlewo, just to name a few – the "co-lab" enables shoppers to pick and choose complementary home products and create personalised mood boards that they can use to gather inspiration and decide on how to style their homes. Commune's flagship retail experience centre has taken this personalisation a step further by offering a 3D floor planner and the use of virtual reality (VR) simulation. This allows customers to use a diverse library of wall colours and flooring options to recreate their existing homes – after which, they can conveniently place and inspect how Commune's products fit seamlessly with their existing decor.

A customer uses Commune's cutting-edge 3D planning and VR software to visualise her future home

> " I want a personalised experience. "

In a nutshell

Appealing to the 6 senses

3D floor plan

VR experience

8,000sqft showroom

Elevated customer experience

Develop new products through R&D and collaboration

Data-driven research can help companies enhance their value proposition and compete internationally. Partnerships with companies from other industries, or even intermediaries like Intellectual Property Intermediary (IPI) and A*STAR are ways that a firm can tap on different expertise to improve their capabilities in product development and design.

A customer browses a pair of eyewear from Nanyang Optical's "Nature Eyes" series, a range of eyewear made entirely from recycled materials
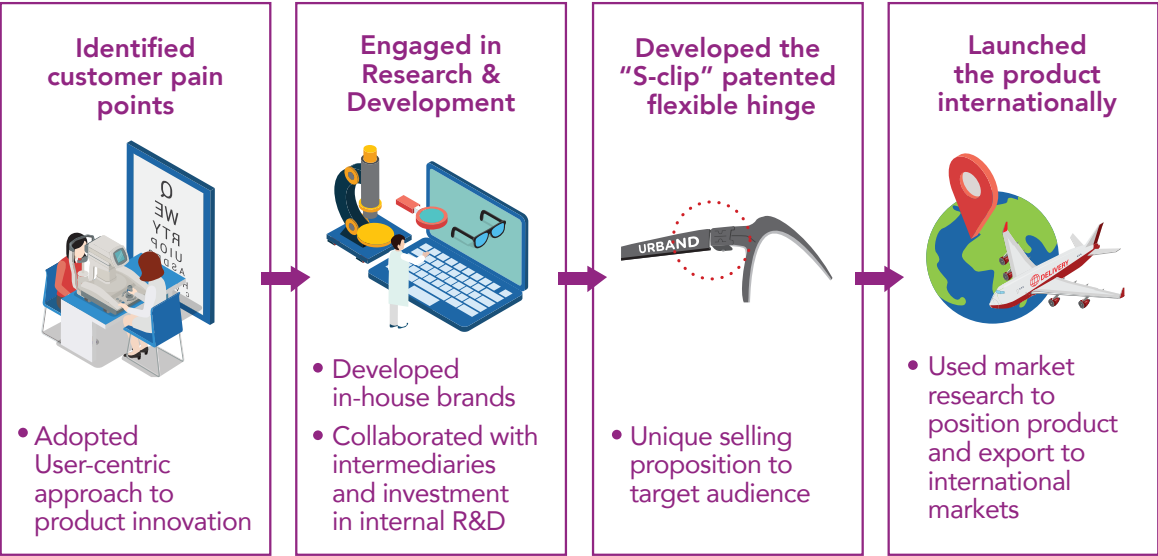
❝ Listen, design and develop for me. ❞

Case study 3: Nanyang Optical

Nanyang Optical is a local business which invests heavily in R&D to create not just fashionable, but also functional eyewear that meets market needs.

With years of experience in eyewear and contact lenses, Nanyang Optical noticed a gap in the market: there was an abundance of fashionable, but not functional eyewear in the industry. To counter this, Nanyang Optical adopted a user-centric design methodology and through its subsidiary Eye-Biz, embarked on a quest to find out what customers want. This led to the successful launch of various in-house brands like Urband, Eyelet and Glossi, each carefully designed to fulfill a specific market need. This focus on market research also enabled Nanyang Optical to better understand overseas demand and develop a range of eyewear called "Nature Eyes", made entirely from recycled materials. "Nature Eyes" was a hit with the eco-conscious Europe and America customers, enabling Nanyang Optical to use it to successfully penetrate the overseas market.

In a nutshell

Identified customer pain points	Engaged in Research & Development	Developed the "S-clip" patented flexible hinge	Launched the product internationally
• Adopted User-centric approach to product innovation	• Developed in-house brands • Collaborated with intermediaries and investment in internal R&D	• Unique selling proposition to target audience	• Used market research to position product and export to international markets

STRATEGY #3:
RAISE PRODUCTIVITY THROUGH TECHNOLOGY

Achieve operational efficiency with technology

In-store analytics can help retailers understand their consumers, while manpower saving technologies will reduce dependence on labour. All in all, technology plays a crucial role in helping retailers streamline processes and improve both efficiency as well as product offerings.

Case study 4: Decks

The RFID system significantly reduces the time required for inventory management

Decks Pte Ltd is the brand owner and retailer of the beachwear brand, Surfers Paradise.

A desire to expand, coupled with the challenge of a manpower crunch is what motivated Decks to invest in retail technologies. They started with improving their back-of-house operations and introduced a Radio-Frequency Identification (RFID) system to address warehousing and logistic needs. This system improved stock-taking, bringing up the accuracy rate to a full 99%. This RFID infrastructure also enabled Decks to introduce new technology solutions at its front-of-house, like adding a self-checkout counter for customers with small purchases. In addition to improving accuracy and operational efficiency, a huge benefit of these technology solutions was that it helped to free up manpower from manual tasks. Staff who are no longer bogged down by complicated stock-taking and long service lines can better engage and serve customers with more attentive and personalised service.

66 Efficiency is key. 99

In a nutshell
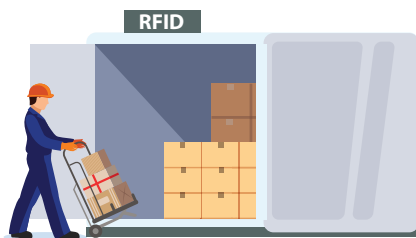
RFID improves back-of-house operations & inventory management

- 99% accuracy rate in inventory management
- Increased operational efficiency
- Improved productivity
- More time to serve customers

The introduction of a 2-in-1 self checkout and cash management system helped Food-Joy increase its efficiency and levels of customer satisfaction

" Automation makes shopping more convenient for me. "
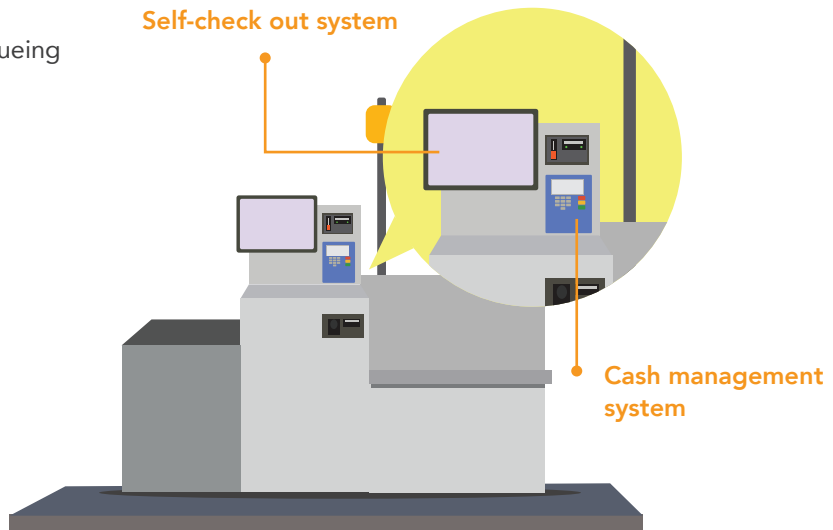
Food-Joy is a minimart that implemented technology to overcome labour challenges and increase its operational efficiency.

Food-Joy's lean five-man team was challenged by cash management – cashiers needed almost 20 minutes to count the cash at the end of each day or during changes in shift. To speed things up, the company introduced a 2-in-1 self-checkout and cash management system. This simplified the process and reduced cash handling time to just two minutes. Staff were free to manage more checkout kiosks and able to diversify their job scope with stock-taking and merchandising. In addition, this technology also enabled the company to reduce the number of traditional cashier counters by more than 50%. Customer queue time fell from three minutes to just one minute during peak periods, resulting in an improved shopping experience. Customer satisfaction rose due to shorter wait times, especially when they purchased fewer and smaller items.

In a nutshell

1 Reduced customer queueing time to just **1 minute**

2 **90%** decrease in cash handling time

Self-check out system

Cash management system

STRATEGY #4:
DEVELOP A FUTURE-READY WORKFORCE

Traditionally, retail in Singapore is a mostly customer-facing and manpower-intensive business. The ITM's efforts to drive innovation and productivity will free up manpower resources to serve other functions, and shift jobs toward those that require more skills.

E-commerce and omni-channel retail models will pave the way towards a leaner workforce with enhanced functions. For example, front-of-house roles such as cashiers and sales assistants will evolve to include the roles of brand advocates and even personal shoppers. Employees will also need to be empowered with the latest in-store technologies, and hence need new skills in digital literacy. At the back-of-house, there will be an increase in the demand for new specialist technology jobs in emerging areas such as e-commerce management, digital marketing, data analytics and omni-channel retail experience design.

Hence, redesigning retail jobs, enhancing career progression pathways and deepening the workforce's skills are key for retailers to succeed in the new retail landscape. A deep-skilled retail workforce with future-ready skills will help retailers capitalise on emerging opportunities.

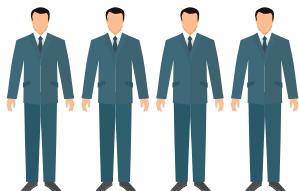Under the Jobs & Skills pillar, two key strategies have been identified. These are:
1) Strengthen enterprise capabilities to develop a quality and productive workforce
2) Build a pipeline of deep-skilled workforce

01

Strengthen enterprise capabilities to develop a quality and productive workforce

Job redesign to support changing business models

Retailers to adopt manpower-lean models and redesign job scopes

Strengthening HR competencies

Holistic HR policies ensure opportunities for training and career growth

Case study 6: Bynd Artisan

Bynd Artisan chose to celebrate its 70-year-old bookbinding business legacy with fully customisable hand-bound paper notebooks and personalised leather lifestyle products made by craftsmen in their ateliers.

As consumers increasingly turned to digital tools in their everyday life, the business owners of Bynd Artisan sought to retain the relevance of "old school" paper stationery and leather products. Bynd Artisan was born to offer customers personalised stationery, allowing customers to get involved with product development and create items that fit their unique preferences. To help customers appreciate the beauty and intricacies of the craft, bookbinding and leather working workshops were also offered at the ateliers.

These new measures also enabled the company to redeploy five factory production workers into craft artists cum retail sales assistants. Understanding the value of the experience these workers had, Bynd Artisan showcased their expertise as artisans by creating customised notebooks, personalising leather products on-site for customers, and by conducting crafting workshops. They were also given a chance to develop and expand their job scopes, taking on roles in service, sales and inventory management. Ultimately, employees gained a heightened self-esteem and amassed a following of loyal customers in the process. These founding craftsmen are sharing their skills with the new pool of craftsmen, while also adopting new technology through the guidance of their younger colleagues.

A craftsman creating a notebook in-store for a customer

Arranging the letters according to a customised order

In a nutshell

66 Reskilled workers improve the overall retail experience for me. 99

Before

Factory production worker
• Technical skills
• No interaction with customers

After

In-store craftsmen
• Technical skills
• Interpersonal skills
• Involved in sales, service and inventory management

02

Build a pipeline of deep-skilled workforce

The retail sector is quickly shifting towards e-commerce and manpower-learn technologies. To support this transformation, it is essential that employees be empowered with digital literacy, global-mindedness and specialist skills.

Case study 7: Atlas Sound & Vision

Front-of-house staff providing quality service

> **Empowered employees are happier, more productive and more efficient.**

Atlas Sound & Vision, a premium retailer for audio-visual products and services in Singapore, Malaysia and Brunei, was quick to deploy technology to create an omni-channel retail experience since 2014.

To complete that approach, a flagship showroom was designed to facilitate an immersive product experience in an intimate home-style setting. In addition, to ensure that the customer experience was consistent across all physical retail stores and e-store, employee training became a priority. A SkillsFuture mentor was brought in to develop structured training programmes, and to see that staff needs were identified from both a bottom-up and a top-down approach. Management and decision-making procedures shifted to allow for more staff feedback. To groom potential employees, a three-month internship programme with Temasek Polytechnic was rolled out. These measures were met with success: employee engagement peaked and employees voiced that they gained competence and felt more confident of their abilities in taking on bigger responsibilities.

In a nutshell

Top-down approach
- Training needs identified by superiors
- Formal trainings planned by department head
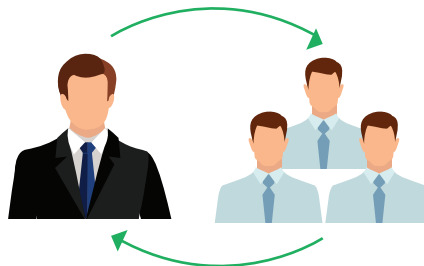
Bottom-up approach
- Employees identify their own weaknesses
- Trainings planned according to areas requested

*Companies that are interested to find out more about HR initiatives can visit **http://www.spring.gov.sg/hcd***

INITIATIVES AND SCHEMES

SPRING's Capability Development Grant

The Capability Development Grant (CDG) supports SMEs to scale up business capabilities across ten key business areas such as product development, human capital development, and business model transformation. The grant provides up to 70% funding for qualifying expenses such as consultancy, training, certification and equipment costs.

SPRING's HR Diagnostic

The HR Diagnostic tool is a starting point to assess how developed the SME's HR practices and processes are.

It provides a diagnosis of the state of the SME's HR practices and processes, and identifies strengths and areas of improvement. It then recommends and prioritises solutions to enhance human capital capabilities for business growth.

SPRING's HR Shared Services

The HR Shared Services is an initiative that enables SMEs to outsource their HR operations and seek professional advisory support from a pool of external HR providers appointed by SPRING Singapore. This enables SMEs to improve and optimise their HR operational efficiency.

SkillsFuture Earn and Learn Programme

SkillsFuture Earn and Learn is a work-learn programme designed to give graduates from the ITE and polytechnics a headstart in careers related to their discipline of study. Suitable candidates will be matched with a job related to their field of study and undergo structured on-the-job training and mentorship in participating companies, allowing them to gain industry experience and attain an industry-recognised certification concurrently.

SkillsFuture SME Mentors Programme

The SkillsFuture SME Mentors Programme aims to enhance the capabilities of SMEs in the area of learning and development. Qualified SkillsFuture SME Mentors will be deployed to SMEs on a 9-month mentoring programme to help diagnose learning and development gaps, provide guidance on developmental plans and upgrade the training capability of supervisors in SMEs.

SkillsFuture Study Awards

The monetary award of $5,000 enables adults in their early and mid-career to develop and deepen their skills in the retail sector.

LEAD AND SUPPORTING ORGANISATIONS

Lead organisation

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 assist enterprises in financing, capability and management development, and technology and innovation. 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.

SPRING Singapore is the lead government agency for the Retail sector in Singapore.

For more information, please visit www.spring.gov.sg.

Supporting organisations

SPRING
singapore

Enabling Enterprise

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