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A view of shopping malls in the shopping district of Orchard Road in Singapore.

Photo: TODAY

Ministerial committee to drive rejuvenation of Orchard Road

By [RUMI HARDASMALANI](#)

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SINGAPORE — A committee headed by three ministers has been formed to drive the rejuvenation of Orchard Road as a shopping and lifestyle destination.

Among the initiatives being studied by the committee, which will partner with the private sector, are better “pop-up” activities to attract crowds, more walking options, and permanent attractions.

Announcing this at the Singapore Retail Industry Conference on Friday (Sept 8), Minister for Trade and Industry (Industry) S Iswaran said the committee would be co-chaired by him, Minister for National Development Lawrence Wong and Second Minister for Transport Ng Chee Meng.

Orchard Road has lost some of its sheen in recent years and has seen a drop in retail traffic, partly as a result of the rise of online shopping, but also because of traffic congestion.

To return the shopping belt to its position as a premier shopping belt, Mr Iswaran said that shoppers can look forward to more initiatives like the 10-day “Star Wars: Experience the Force Singapore Festival” taking place now, featuring exciting pop-up experiences such as augmented and virtual reality experiences along Orchard Road.

Later this year, as part of the annual Christmas light up, the Orchard Road Business Association (Orba) will also partner shopping malls in the precinct, and players like MasterCard, to attract shoppers with rewards programmes.

Government agencies are also actively studying how more can be done.

Mr Iswaran said trade agency Spring Singapore is working with department stores to explore the incubation of local and regional designers, to create even more avenues for the development of local brands.

“The department stores will serve as launch pads for local brands, building their business capabilities and providing opportunities for market access. For local designers, these will form a holistic package of mentorship on technical and operational capabilities, potential showcase opportunities of their designs in-store, and the opportunity to access overseas markets.”

These measures are much needed, say analysts, as local department stores and traditional brick-and-mortar retailers face rising challenges from online retailers.

Department stores and consumer electronics players here are facing productivity challenges amid high rentals and overhead costs, according to an In an International Benchmarking Study for Retail by The Boston Consulting Group (BCG).

The study was initiated by trade agency Spring Singapore to identify how Singapore performed compared against key international markets like the United States, United Kingdom, China, Japan, Hong Kong and South Korea. The survey findings were unveiled at the conference on Friday.

China has emerged as a leader and best practice in retail space, with retail sales overtaking the US and UK combined. Between 2012 and 2015, China’s retail sales grew at a compound annual growth rate of 12.8 per cent, compared to Singapore’s 3.5 per cent, the UK’s 3.1 per cent and the US’s 1.4 per cent.

According to BCG, China’s rapid growth in retail, in particular in e-commerce, has important lessons for Singapore, including the use of social media to make e-commerce seamless – from exploration to

payment to delivery. Chinese retailers use analytics to draw key insights on consumers that help them engage with their users more actively.

In contrast, the departmental stores here are further constrained by dependence on promotions, lack of personalised loyalty programmes, limited omni-channel presence and a concessionaire model whereby they outsource most processes including sourcing of their products, BCG said.

BCG also highlighted that the four key themes influencing Singapore's performance in retail include the retailers' operational efficiency, differentiated proposition, space productive formats and ecommerce.

Speaking at the event, Mr Iswaran, noted that the retail industry is an important part of the Republic's economy. The sector comprises 23,000 retail establishments that chalked up operating receipts estimated at S\$35 billion and contributed 1.4 per cent to Singapore's gross domestic product last year.

According to the latest Retail Sales Index in June, operating receipts of the retail industry excluding motor vehicles was up 4 per cent year-on-year, he added.

As another resource for retailers to tap on, the Retail Centre of Excellence will be launched next month at the Singapore Management University's Lee Kong Chian School of Business. The centre will partner retailers in addressing the gaps and challenges of the fast-changing retail landscape, Mr Iswaran said.

At the event the Singapore Retailers Association (SRA) announced the launch of the Local Enterprise and Association Development Plus (LEAD+) programme under Spring, to upgrade its capabilities and offerings.

Aimed at enhancing productivity, business growth and industry competitiveness, SRA will develop a website mobile portal and enhance its GoSpree shopping app launched in June to improve its digitalisation thrust.

Mr R Dhinakaran, president of the SRA said the idea is to "further its cause and advance the initiatives under the Retail ITM to help bring about greater value creation through innovation, enhance retailers productivity and capabilities, maximise workforce potential as well as enhance their branding for improved business growth and even internationalisation".