



For Singapore's retail scene, the shop will go on

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by **Daniel Yap**

SINCE the unveiling of the Retail Industry Transformation Map in September 2016, some progress has been made to help retailers adapt to new market realities, but on the whole, the sense in the industry isn't that retail is dying.

The ongoing labour crunch seems to be the most significant challenge, driving costs up and forcing some small businesses out due to manpower shortages.

Rental rates, however, have been coming down over the last three years, with the retail rental index dropping below 100 for the first time since 2012 as retail vacancies rose above 8 per cent, the second-highest quarterly level in the last five years.

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It is perhaps this vacancy rate that leads watchers to say that retail is in trouble, but Senior Minister of State for Trade and Industry Sim Ann revealed at the Singapore Retailers Association Awards recently that there were 23,000 retail establishments. This is significant growth from the 21,000-establishment figure reported in September 2016.

However, the growing tech and e-commerce scene has put additional pressure on brick-and-mortar retail businesses to adapt or fall by the wayside. The Singapore Retailers Association “will take on a greater role as industry champion for transformative technologies,” said Ms Sim. The Singapore Retailers Association is also leading a study team to New York in January next year to learn from United States (US) retailers.

But a closer look at the impact of e-commerce on the Singapore retail scene shows that traditional shops are far more resilient against the e-commerce push in the city-state than they have been all around the world. Euromonitor estimated that online sales accounted for just 4.6 per cent of total sales, compared with rates of 10-15 per cent in the US, United Kingdom, and Asia Pacific.

A Bloomberg report today said that brick-and-mortar shops were a major stumbling block for e-retail giant Amazon’s foray into Singapore. The allure of physical shopping still holds value for the Singapore market.

Big headlines such as the bankruptcy of Toys R Us in the US have dampened the outlook for retail businesses having to face-off against online shopping. Singapore’s Toys R Us, however, has bucked the trend and is still going strong.

But it is still up to retailers and malls to up their game. TMG’s in-depth report on whether malls were too cookie-cutter shows just one of the pitfalls of monolithic retail mall concepts. But if the Singapore Retailers Association’s award winners are anything to go by, mall managers and owners are starting to make the shift and keep their brands and experiences fresh.

Featured image from Singapore Retailers Association.

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