

Many new shopping malls have opened in the country, but they have to find their niche in order to survive



The shopping scenario in Malaysia is set to see a revolutionary change - in the form of how business and shopping is done through cashless transactions.



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by
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Breathing new life into malls

THESE are challenging times for the retail industry, which has been affected by fluctuating fuel prices, the still lingering negative effects of the Goods and Services Tax (GST), and high household debts.

Footfall in shopping malls, especially the popular ones, has remained steady but apart from essential goods, shoppers are generally more cautious when it comes to shopping for fashion, big ticket items and other non-essential merchandise.

More consideration is given to purchases of essential goods and services, with impulse buying generally taking a back seat in today's economic conditions, and notably restrained shopping outings armed with a more thought-out shopping list.

The perception that our inflationary rate is higher than real income growth has affected consumer confidence and has had a negative impact on the discretionary spending power of Malaysian consumers. There are certainly also other political-economic factors to consider in today's market place, especially with GE14 around the corner.

Online shopping and merchandise mix

We also see the growing trend of online shopping which is here to stay, but this does not necessarily mean the demise of brick-and-mortar malls and stores. The online business in Malaysia is now approximately 2% of total transactions, compared with 20% in China, similar to the US and other developed countries. In many of these countries, malls have been able to innovate and many continue to do well, for example, Melbourne's Chadstone Shopping Mall continues to be a great attraction for shoppers in Victoria, Australia.

Mall management and retailers should not view online shopping as a threat but an impetus to incorporate and embrace

- **With** more shopping centres opening, malls need to enhance themselves or find their niche to be competitive
- **Malls** need to embrace the online wave and innovate to attract shoppers

"online" into their traditional methods of mall management and retail sales strategies. In the final analysis, it is simply a matter of innovating and being current, or remaining stagnant and getting left behind.

We have to admit that online shopping is not the only threat but there may have been a mismatch in the way some of the new malls have been built. This has led to overbuilding in some locations, thus affecting their viability and resulting in some cannibalisation. Therefore, there is now an urgent need for some to rethink their positioning and innovate to get themselves out of the predicament. In this aspect, much can be learnt from the US and China which are now going through this mall reinvention process.

For example, with the growing trend of online portals where one can purchase virtually any item, the pattern of trade mix in malls has changed subtly but surely. Online shopping cannot apply to the food and beverage (F&B) business where patronage is purely a social gastronomical experience. So it is noted that many malls nowadays have allocated more space to a greater range of affordable F&B outlets to attract shoppers.

Besides reinforcing the lifestyle for Malaysians of all ages to regularly visit shopping malls, it fulfils the typical Malaysian's passion for food to go with all occasions, shopping included.

Shopping is all about experiences

Sales and discounts at shopping malls may be the major draw to entice shoppers while the perception of cheaper online purchases may mitigate such attraction. However, online shopping cannot replace the experiential element or the sensory experience in malls which go all out to engage the senses to create an ambience conducive for shopping.

Malaysia's shopping malls have long been known for 'Experiential Shopping'. Due to our population's multi-racial composition, nowhere else in the region do malls regularly celebrate multiple festive events, special ethnic and cultural merriments or the simple occurrence of national school holidays.

In fact, occasions may be crafted as a theme for a mall's décor, creating a singular experiential ambience and exciting activities, bringing together shoppers from all walks of life. The shopping ambience is further complemented by entertainment and recreation elements as well as culinary adventures in the F&B outlets. It is these features which make certain malls more popular than others as they work with strategic partners to offer shopping ambience with a distinctive edge.

Retailers remain resilient

On the retail scene, there have been a few international brands exiting the country over the past few months, but new retailers are still coming into the market.

Overall, retailers have generally remained resilient with some international and local names in F&B even planning new openings although retail sentiments are still soft in the region.

Most retailers have remained undaunted with the situation because doing business also means facing challenges. It is the bold retailers who will turn any such challenges into opportunities and look outside the box for new ways of running their businesses and enhancing their prospects.

The shopping scenario in Malaysia is set to see a revolutionary change - in the form of how business and shopping is done through cashless transactions.

Most of us are familiar with the Touch N Go card, already well-known for the electronic payment of tolls, public transport, some retail outlets and parking



A signage on the acceptance of Alipay at Sam's Grocer in Nu Sentral in KL Sentral. Shoppers can now pay for goods with their smartphones

fees. However, not many are aware that payment for parking can also be made via a mobile phone app, currently implemented by several local councils and soon in shopping malls.

Already on the scene with the advent of Alipay in Malaysia is a "virtual or e-wallet" where shoppers pay for merchandise with their smartphones as our fellow shoppers overseas have already been doing so for some time now.

Mobile payments

With Touch N Go recently going into a joint venture with Alipay, this will be the catalyst to grow mobile payments for cashless shopping and other transactions, expected at an annual growth of close to 30% over the next five years.

Yet another bold step forward - and currently being tested in China - is payment via facial recognition but this may take some time yet to find its way here.

Malaysian retailers have already been encouraged to go digital, or they risk being left behind in the world of the young millennials who comprise an important and influential category of shoppers.

Cashless is certainly the way to go as a payment means for all our consumer needs and beyond, from parking to toll to public transport to shopping. Very soon, everything will just be an app away.

On the shopping scene, new malls have opened with more over the next few months, which will result in intense inter-mall competition for both shoppers and retailers. This will inevitably result in intrepid malls enhancing themselves or finding their own niche to remain competitive.

The upshot is there will be enterprising malls with better services and facilities, ever more attractive merchandise and an enhanced shopping ambience to entice shoppers. For all these innovation and competition, the ultimate beneficiary will be the consumers - no doubt they will continue to be "king".

The development of shopping malls in Malaysia has come a long way since the 1970s and has seen several financial crises and fluctuations in the economy but have largely remained robust and resilient. This is where the tough will get going past the challenging times because malls are here to stay, and not only to remain relevant but to flourish. **FocusM**

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