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Shopping centres upon shopping centres — don't we have enough



It is easy to just place the blame on e-commerce, but Suria KLCC CEO will tell you that the biggest threat to shopping centres is 'more shopping centres'

By RAHIMI YUNUS / Pic By TMR

The rise of e-commerce is taking the global retail industry by storm with online shopping platforms voraciously gobbling up a bigger chunk of the market share, sidelining its traditional brick-and-mortar rivals.

The convenience of online shopping, powered by the likes of Alibaba Group Holding Ltd and Amazon.com Inc, has in recent years been the bane of the physical malls' existence.

Many big retailers and department stores are already scaling down, while some just quietly “disappeared”.

It is easy to just place the blame on e-commerce, but Suria KLCC CEO and ED Andrew Brien will tell you that the biggest threat to shopping centres is, well, “more shopping centres”.

“There are too many retail malls. Online shopping does have an effect, but it is not the one that would kill the shopping centres,” Brien told *The Malaysian Reserve (TMR)* in a recent interview.

He said online shopping only accounted for 4% of local retail sales, a relatively low figure compared to the global average.

Brien said mall space in Malaysia is projected to grow by 20% in the next five years, of which half of the new additions would be in the Klang Valley.

He also said Malaysia’s retail space per capita will reach the same level as Australia’s by 2024, despite the lower purchasing power parity.

“Shopping malls, particularly newer developments, will potentially face difficulties to establish themselves in an increasingly crowded market,” Brien said.

He added that buying power via people’s extra disposable income would still be the key factor that would affect the industry.

According to a report by Knight Frank Malaysia Sdn Bhd, the cumulative retail space supply in the Klang Valley has grown to around 59 million sq ft last year.

Shopping malls, including Suria KLCC, have also embarked on asset enhancement initiatives to remain competitive and to attract higher footfall.

The fact is, traditional outlets are also embracing the online phenomena to expand their digital reach, while digitally native brands still rely on their brick-and-mortar presence to sustain growth and loyalty.

Brick-and-click Effect

A recent report published by the International Council of Shopping Centres (ICSC) — the world’s largest retail trade organisation with over 70,000 ICSC global members — stated that physical and digital retail converge to create a seamless experience for shoppers.

Brien, who became the first Malaysian company’s representative as an ICSC global trustee and executive board member, cited the research which highlighted the importance of physical stores that holds true for millennials across both emerging and established brands.

Entitled, “The Halo Effect: How Bricks Impact Clicks”, the report defines emerging brands as those less than 10 years old.

It stated that with emerging brands, more millennials shop online rather than in-store.

However, when physical stores are present, most will shop on-location, as well as online.

The report, which is provided to ICSC members and shared with *TMR* during the interview, stated that with established brands, more millennials shop in physical stores than online.

On average, web traffic increases 27% within a specific market when a new store opens, the research paper concluded based on a survey done in the US.

The opposite is also true, as web traffic drops off when retailers close stores. Essentially, ICSC's report has demonstrated that physical stores operating in harmony with healthy digital channels create a powerful synergy for retailers.

Suria KLCC Charts New Move

Brien, a former Westfield Ltd GM down under, is committed in his responsibility as the “custodian” of Suria KLCC — Malaysia's premier shopping centre.

The competition is great. Kuala Lumpur's Golden Triangle alone is getting new shopping malls over the next couple of years including at the Tun Razak Exchange, Bukit Bintang City Centre and Merdeka PNB 118.

Brien is, however, still optimistic with what Suria KLCC can offer to remain among the best shopping malls in the country, and the world.



According to Brien, Suria KLCC is an amazingly well-planned development and he and his team will just continue to make it better *(Pic by Muid Amin Naharul/TMR)*

With 30,000 office workers around the location, a 50-acre (20.23ha) park and rail connections, Suria KLCC's competitive advantage on par with Westfield World Trade Centre and Westfield London.

The shopping mall, where one can leave from the car park all the way to Singapore without hitting one traffic light (via Jalan Tun Razak, the Maju Expressway and North-South Expressway), will be further boosted by the mass rapid transit connectivity in the future.

Since the 1990s, Suria KLCC has stood the test of time and the Parkson redevelopment project is yet another move by the management to elevate its stature.

Brien and his team are adding over 50 new mixed retailers at the former anchor tenant's spot and the first phase of the project is expected to finish by the fourth quarter of this year (4Q19). The whole project will be completed by 2Q20.

Change is the only constant at Suria KLCC, with a tenancy mix that has technically flipped by over 450 new tenants in the last 15 years alone.

Built on the site of the former Selangor Turf Club, Suria KLCC and the Petronas Twin Towers are inseparable, and has grown with the nation.

“It is an amazingly well-planned development,” Brien said. “We’ll just continue to make it better.”

(Source : <https://themalaysianreserve.com/2019/04/03/shopping-centres-upon-shopping-centres-dont-we-have-enough/>)