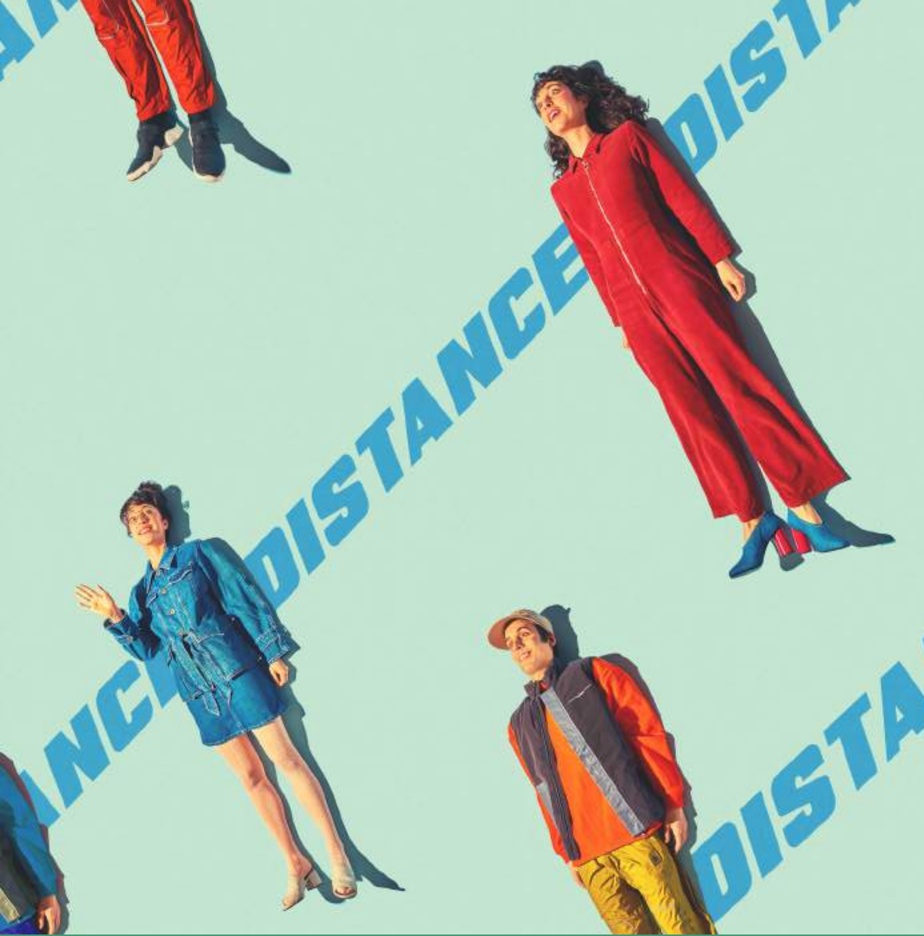

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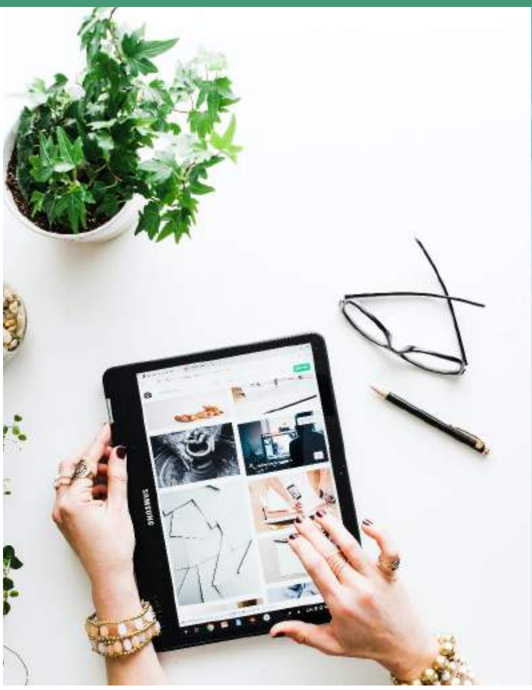
INSTORE

Monthly Retail Newsletter by NTL

May 2020



INFORMED

This month we have our Executive Director, Ungku Suseela's thoughts about how retailers and developers should respond to new CMCO regulations.

WHAT'S IN?

Every month, this newsletter will highlight updates on retailers, retail spaces and brands, both locally and regionally.

IN THAILAND

A look into an new and innovative development in Bangkok.

INFORMED

SHOPPING DURING THE PANDEMIC – WHAT RETAILERS & DEVELOPERS MUST CONSIDER TO ENCOURAGE SHOPPERS TO COME BACK

by Ungku Suseela

On the 4th of May 2020, the Malaysian government implemented the Conditional Movement Control Order (CMCO). Under the CMCO, a portion of the retail sector was finally allowed to reopen for business. However, developers and retailers are only allowed to operate under very strict SOPs and guidelines to ensure the safety of shoppers. These guidelines and SOPs include everything from temperature checks, the scanning of QR codes, manual registrations and even limitations on browsing in-store.

While these stringent measures are necessary, they have also given rise to a considerable concern for retailers: will these new guidelines discourage shoppers from returning to malls?

Unfortunately, there is merit to this concern. Research has shown that Malaysian shopping patterns have shifted in response to COVID-19. For example, Ipsos reported that 48% of Malaysians are now comfortable shopping online, which is a significant increase compared to 32% in March 2020, when the MCO was first implemented. A Department of Statistics Malaysia study also highlighted that average household expenditure had changed drastically during the MCO, i.e. spending on fashion and personal care products reduced by 95% and 12%, respectively.

Which begs the question: how can retailers and developers mitigate any long-lasting negative changes to shopping patterns in malls?

> *Coming together during this crisis is critical for everyone's survival.*

Leveraging on The Advantages of Brick-and-Mortar

Despite the apparent shift to shopping on the Internet, brick-and-mortar stores still have unique advantages over their online counterparts. Firstly, physical stores still have associates that can provide invaluable service or shopping advice to a browsing customer. Secondly, physical stores also afford shoppers with instant gratification, as customers do not need to wait for deliveries to get their products. Thirdly, retail stores offer shoppers the ability to experience products "first hand", ensuring that a customer has complete certainty about what they are purchasing.

Communicating these advantages to potential shoppers will be the key to getting them to return to malls and stores. Ironically, the communication of these benefits and advantages will have to be done via online platforms, as it would be the most efficient way to reach out to customers.

Hence, some form of integration between online and offline shopping platforms may also help mitigate any adverse effects of the new CMCO guidelines. For example, a shopper should be able to purchase a product from a retailer's website and have the option to pick the item up at a nearby store, instead of having it delivered. A website or social media account should also contain an updated directory of stocked products, to ensure customers know which stores to visit. Even the community management of a retailer's social media account can direct customers to a store-specific sale or offer.

Managing CMCO Guidelines

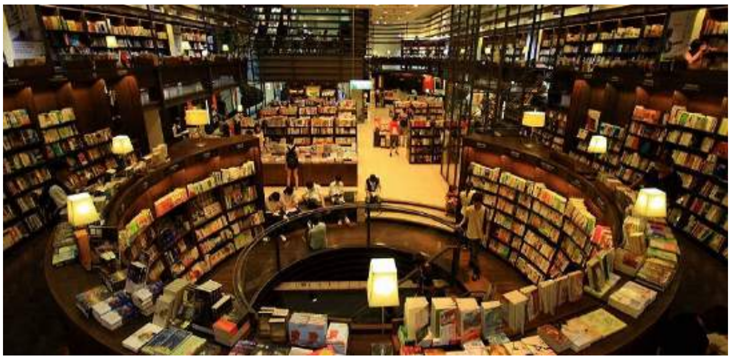
Ultimately, the fastest way to encourage shoppers to revert to their previous shopping habits is to manage how these new guidelines are implemented. While there are obvious benefits to shopping at a mall, sales numbers can still be disrupted if the shopping experience is perceived as "inconvenient".

It is then up to the mall owners and retailers to ensure that customers do not need to go through unnecessary difficulties when they shop. For example, instead of having to wait in line to enter a store, retail associates can reserve 'browsing spots' for customers, or give them a call when the store is ready to receive more visitors. The integration of mobile applications like the 'SELangkah App' to speed up registrations at mall and store entrances will also decrease the inconvenience of having to write down customer information manually. Retail associates can also communicate with customers before they enter a store about the availability of products, to ensure that customers don't need to waste their time registering or sanitising.

The Promise of a Better Tomorrow

While the first and second quarter of 2020 saw Retail Growth Rate decline of -18.8% and -9.3%, respectively, the Malaysian Retailers Association is projecting that there will be a positive growth rate of 2.5% and 3.3% in the third and fourth quarter of 2020. Despite the bleak numbers, the projected improvements do signify some hope that things will return to a semblance of normalcy. More importantly, if retailers and developers can mitigate some of the adverse effects of these new regulations, then maybe 2020 will turn out better than expected.

WHAT'S IN?



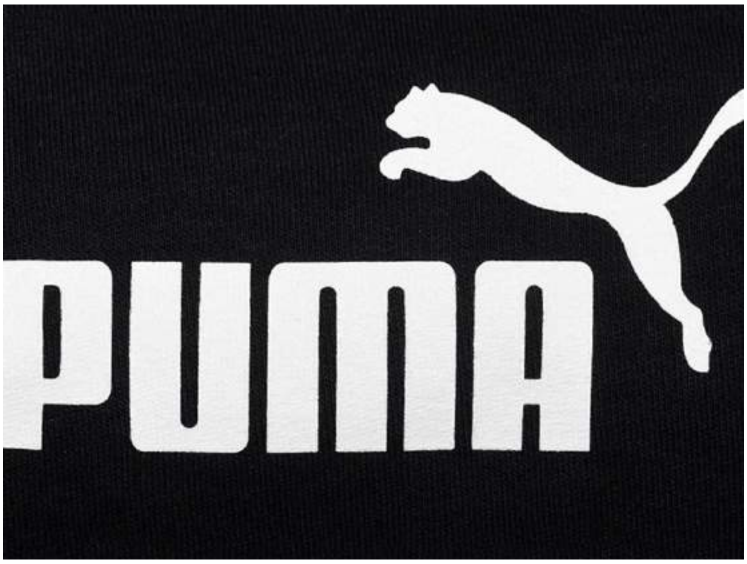
TAIWAN'S ESLITE TO DEBUT IN MALAYSIA

Although final details have yet to be released, the new 3300–6600sqm store will likely trade in downtown Kuala Lumpur.

The opening, scheduled for next year and potentially delayed due to Covid-19 concerns, will see Taiwan's largest bookseller opening its first store in Malaysia. Earlier reports have suggested the firm has been seeking a partner in the territory for some time.

The 30-year-old chain is well known for its unique fusion retail business model as a bookstore, mall and cultural creative platform. It operates 48 stores in Taiwan as well as overseas outlets in Hong Kong, Mainland China and Japan. The Malaysian store will be the first Eslite outlet in Southeast Asia.

Read more here



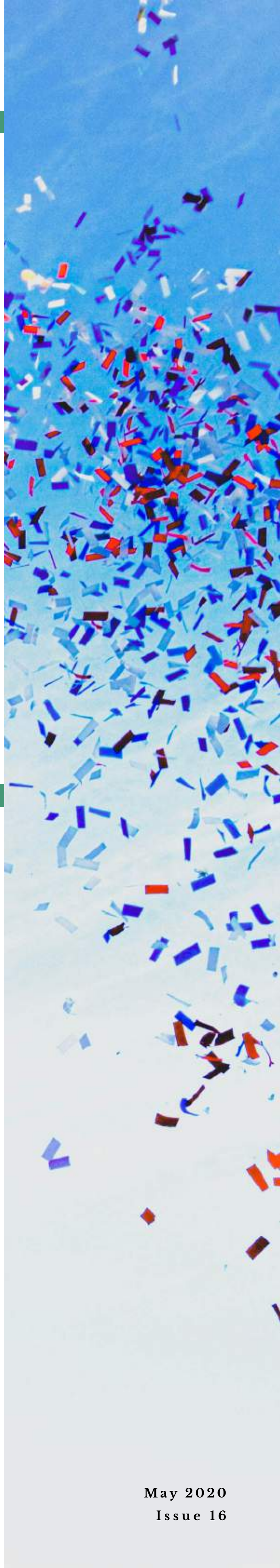
PUMA SEES WORSE SECOND QUARTER BUT GROWTH IN 2021

German sportswear firm Puma expects its second-quarter results to be worse than the first as more than half of global sports retail space is currently closed, after it reported first-quarter sales declined less than analysts had feared.

Puma said it expected all markets to recover by the end of the year and for growth to return in 2021, noting that the crisis has made many people do more sports than before and has strengthened the trend towards more casual dressing.

First-quarter sales fell a currency-adjusted 1.3% to 1.3 billion euros ($1.40 billion), while operating earnings dropped 50% to 71.2 million euros, compared to average analyst forecasts for 1.26 billion and 74 million respectively.

Read more here



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AUSTRALIA'S HEY YOGURT DEBUTS IN MALAYSIA

Australian probiotic yoghurt brand Hey Yogurt is planning to launch 100 outlets in Malaysia this year following its Nasdaq listing in February.

The brand – which combines Australian yellow peaches with grain and yogurt and is marketed as a low-sugar, low-fat health food – has been operating in Singapore since January, where it has already achieved sales of more than 1000 cups per day.

Hey Yogurt is already preparing its first stores in Kuala Lumpur, Malacca and Johor Bahru.

Read more here.

SUNWAY MALLS OFFERS RENT REBATE DURING SHUTDOWN

Sunway Malls has offered a 14-day rent concession to affected non-essential retailers, following the government's movement control order.

While the Malaysian government's decision is a national top priority, the mall group said it also believes that the long-term sustainability of its business partners is also important.

The rent rebate, worth a total of RM20 million (US$4.5 million), will apply until March 31.

Read more here.

LUXURY RETAILER NEIMAN MARCUS FILES FOR BANKRUPTCY AMID COVID-19

Neiman Marcus Group filed for bankruptcy protection on Thursday, marking one of the highest-profile collapses yet among retailers forced to temporarily close stores in response to the COVID-19 pandemic.

The U.S. luxury department store chain filed for bankruptcy in a federal court in Houston, and said it had reached agreement with creditors for US$675 million of debtor-in-possession financing to aid operations while it attempts to reorganize.

The Dallas-based retailer plans to cede control to creditors in exchange for eliminating $4 billion of debt. Its debt currently totals about $5 billion. Reuters earlier reported that the company was preparing to file for bankruptcy within days.

The company expects to emerge from Chapter 11 proceedings in early fall with a $750 million package from creditors that provided its initial bankruptcy loan.

Read more here.

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ESPRIT TO CLOSE ALL ASIAN STORES BY JUNE 30

Crippled apparel group Esprit is to close all its stores in Asia, except those in Mainland China, by the end of June. The decision follows an appalling slump in sales during the last nine months, which worsened during the March quarter when the Covid-19 crisis hit, forcing retail stores to close or reduce trading across many markets.

All 56 company-run stores located in Singapore, Malaysia, Taiwan, Hong Kong and Macau will close, but the company says the sales through those shops represented less than 4 per cent of group turnover during the nine months to March. However, the company will continue to operate wholesale and licensing businesses in those markets, suggesting the brand will endure, most likely through department stores and multi-brand stores.

Read more here.

DON DON DONKI OPENS SECOND OUTLET IN THAILAND DESPITE PANDEMIC

Amidst the Covid-19 outbreak, Japanese discount-variety store Don Don Donki has continued ahead with the opening of its latest branch in Bangkok, Thailand as part of its international expansion.

The Japanese retailer, known at home as Don Quixote, entered Thailand in February last year, opening a Donki Mall in the expatriate haven of Thonglor.The new store, located at The Market mall, will retail more than 130,000 items including fresh groceries and daily necessities.

Read more here.

MEGA DON QUIJOTE UNY STORE OPENS IN ICHIHARA

UD Retail Co has opened a Mega Don Quijote Uny store in Ichihara, Chiba.

UD Retail is 60-per-cent owned by FamilyMart Uny Holdings, and 40 per cent by Don Quijote Holdings.

Occupying a 10,589sqm area, the Ichihara store offers a wide selection of products including daily consumables, household goods, clothing, cosmetics and art supplies.

The are products drawn from the Mega Don Quijote and Apita retail brands, the company said in a statement.

The first floor of the Mega Don Quijote Uny Ichihara store offers fresh products, daily necessities such as daily consumables, household goods, and pharmaceuticals.

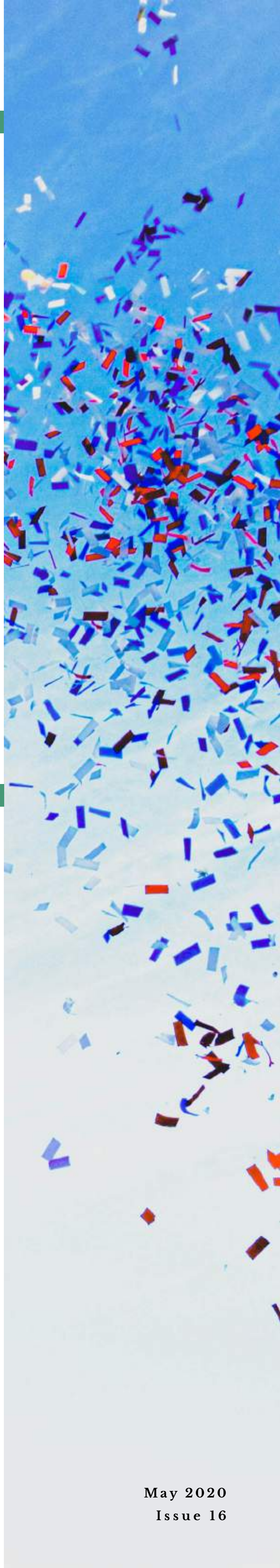
Read more here.

CENTRAL FOOD HALL EMPLOYS ROBOT IN CORONAVIRUS FIGHT

Thai supermarket Central Food Hall has begun using UV-C Disinfection Robots to sterilise stores in a move to combat coronavirus transmission.

The firm is the first supermarket in the region to implement disinfection robots, certified by the WHO and CDC to sanitise areas around 360 degrees to destroy more than 99.99 per cent of all pathogens within seconds.

Read more here.



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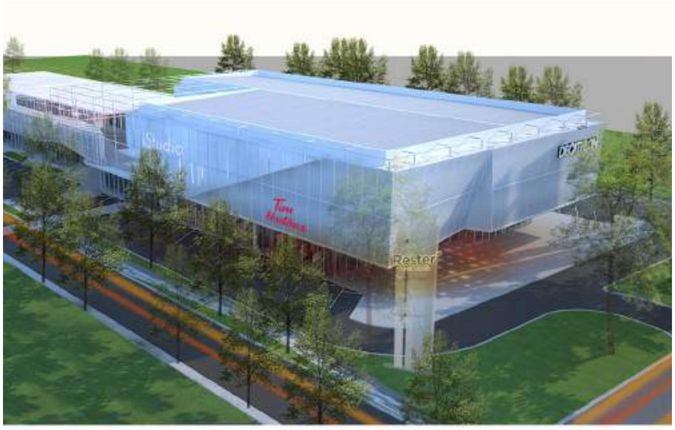
IN THAILAND

'THE FORREST PHAHOLYOTHIN @ RANGSIT ZONE'

by ETC Team



'The ForRest' is part of a new project developed by The Nation Apartment Corporation Company Limited (TNAC) located on Phaholyothin Road (Rangsit Zone) near Bangkok University Rangsit Campus. With an approximate land size of 6.32 acres, the project will be implemented in two phases. Phase 1 of 'The ForRest' will be a retail community mall, while Phase 2 will have an adjoining night market. 'The ForRest' is targeted to be opened in Q2, 2021.

The project location faces Phaholyothin Road, with an estimate passer-by traffic of over 100,000 vehicles per day. Additionally, the project is also located 250 meters away from Bangkok University Rangsit Campus as well as a high-density of high-end residential projects in Klong Luang, Pathumthani.

This new development provides a gross leasable area of approximately 6,600 square meters and serves as a 'Meet & Chill Area' for shoppers. The ForRest will be offering a variety of F&B outlets, convenience stores, a supermarket and a large Decathalon store.

Edmund Tie & Company (Thailand) is the sole consultancy andleasing agent for this development project.

ABOUT NTL & THE ETC GROUP

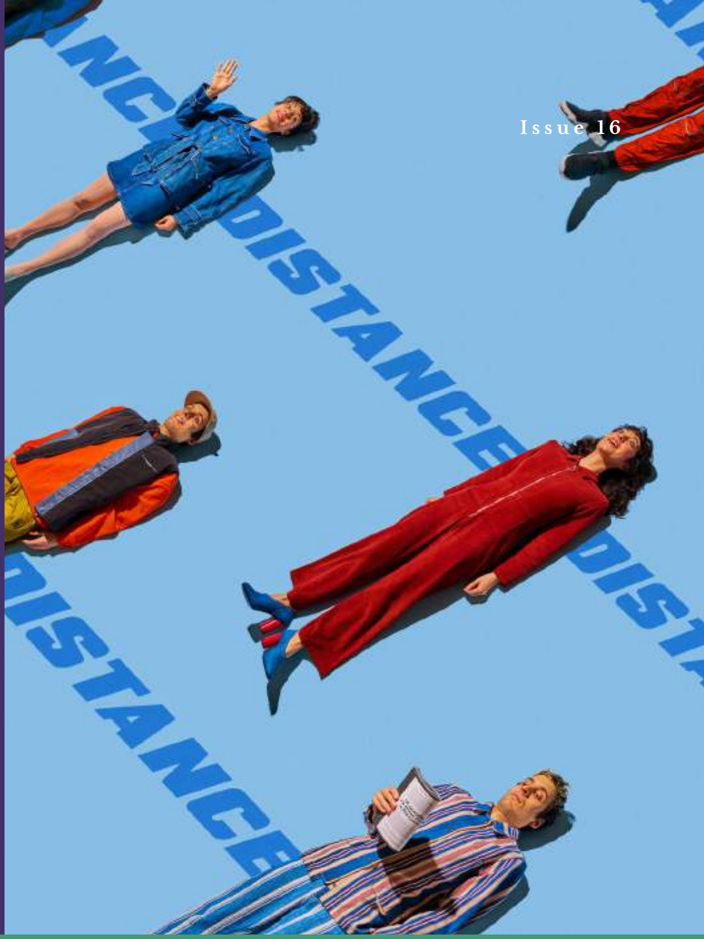
Established in 2000, Nawawi Tie Leung (formerly known as DTZ Nawawi Tie Leung), is a prominent property consulting firm in Malaysia which is part of the Edmund Tie & Company (SEA) (ETC) with offices in Singapore, Malaysia and Thailand. NTL has a proven track record in retail development consultancy and leasing throughout the South East Asian region.

Our distinctive Asian philosophy based on trust, integrity, collaboration and reciprocity allows us to create value for our clients and stakeholders that exceed their expectations.

As a member of ETC, we are supported by some 500 experienced professionals across our network. Our expertise covers a comprehensive range of property services, including commercial agency and occupier services, residential agency, retail property services, investment sales, valuations, property management, and research & consulting.

THANK YOU FOR READING IN**STORE**

A Monthly Retail Newsletter by NTL



Nawawi Tie Leung Real Estate Consultants Sdn Bhd ("NTL") (formerly known as DTZ Nawawi Tie Leung Sdn Bhd) Suite 34.01 Level 34 Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia

Website : www.ntl.my

Facebook : Nawawi Tie Leung

FOR MORE ENQUIRIES:

03-2161 7228

RETAIL@NTL.MY

NAWAWI TIE