

Full impact of crisis likely after CNY, say retailers

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RETAILERS remain cautious about next year as many foresee that the full impact of the global economic slowdown will hit the local market after Chinese New Year.

Hing Yiap Group chief operating officer Edwin Saw says: "We will be more pro-active and keep our inventory in line as we look for new distribution locations and cheaper alternatives for advertising next month."

The group plans to increase its advertising expenditure to 15% of turnover next year from 10% currently to ensure that its brands are "more noticeable" than others during these trying times.

"We feel that this is the best time to position our brand as the market will be less 'crowded' when industry players cut back on their advertising expenditure to support their businesses," he tells *StarBizWeek*.

The group, which manufactures and markets reasonably-priced apparels under its own brands such as *Antioni*, *Bontton* and *Diesel*, aims to seek ways to eliminate wastage.

Hing Yiap also markets international brands under *BUM Equipment*, *Unionbay* and *Vanity Fair*.

Saw says the middle-range segment is more resilient than the luxury one.

He says the global financial crisis has yet to impact the local industry but believes that it will eventually hit Malaysia next year.

"What is happening will definitely reach our shores; we can't avoid it and will have to take the necessary steps to face the slowdown," he says.

Meanwhile, Ms Read (M) Sdn Bhd founder and managing director Helen Read says: "We have not



Jessy Ee (left) attending to a customer at her Gossips boutique in Bangsar. She says buying pattern has changed as spending power declines

observed a discernible difference in sales beyond the usual fluctuations.

"However, having been through two recessions, we are always mindful of the possibility of an economic decline. As such, we have to engage in good business practices, including monitoring of stock-holdings and expenses, so that we will have some buffer against a sudden downturn."

Read says the industry could only see a clearer picture after the festive season as people often feel inclined to spend more during festivities.

Jessy Ee, co-owner of Gossips boutique in Bangsar, says: "People are still spending but are less impulsive as they now prioritise more on the necessity. The buying pattern has changed as spending power declined."

However, she is optimistic that the company can counter the drop in sales with ongoing promotions to make its products slightly more affordable. "We forecast sales for December to decline by 20% compared with last year."

Ee says the current weak

consumer sentiment will mostly affect purchases by the 23-35 age group, which accounts for 60% of its customers.

To mitigate the cost of doing business, Ee says the boutique will cut down on its initial stock sourcing from four countries to two. This will help lower costs on shipping, flights and accommodation, she says.

It is still uncertain as to when the full impact of the financial crisis will be realised in the retail industry, she adds.