



Contributed by YL LUM

Malls make a quantum leap after the pandemic

COVID halted the whole retail industry, affecting the supply chain from the production of raw materials to value-added processing, distribution and consumption. The pandemic gave the mall industry an unprecedented long break. Now, after a reopening of the economy, we can see how the virus has brought changes to the business.

Going cashless

A significant impact on the retail industry was the introduction of cashless payment platforms. For any retail transaction to continue without the physical movement of cash, consumers and service providers had no choice but to adopt e-payments.

In the past, Malaysians were either jealous or sceptical of China for its mobile e-payment platforms that even street vendors use. Today, if you are not an e-wallet consumer or your business does not accept e-payments, you are left far behind in the global cashless ecosystem.

E-wallets will not only continue to be the main money movement channel for domestic retail activities but will converge to the point where people need not carry converted cash bills when travelling from country to country.

Purchases can be made with e-wallets from one country and recognized by the e-wallet platforms of other countries. In fact, it's happening now with the recent synergy between Malaysia's Touch & Go and other overseas platforms. A global e-wallet retail culture is born.

The idea of a physical wallet will be redefined. It will no longer be designed to carry cash; it will be more like a pouch for your smartphone and eventually support RFID and NFC technologies so that payments can be done just by flashing your wallet (with your phone in it) at the counter.

Rising costs

Post-pandemic, the cost of living has risen so much due to logistical and physical reasons, particularly in Malaysia where businesses were burdened by the minimum wage policy and the rise of electricity costs -- a 540% increase in the Imbalance Cost Pass-Through (ICPT) actor) plus a 25% increase in commercial water tariffs. All in all, the impact is a 30% to 40% rise in commercial building operation costs.



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This has resulted in an increase in maintenance charges for all commercial buildings, which had to be passed on to consumers in the form of rental and goods prices. Residential condos are also impacted because an increase in commercial operation costs will be reflected in higher prices for service and contracting activities.

Looking ahead

Everyone in the supply chain has to change in order to survive, stay relevant or do better. Food and retail outlets will no longer be able to rely heavily on manual labour; every cent spent on human capital has to be efficient and effectively translate into revenue.

Self-service restaurant technology processes such as QR code ordering and self-pickups, have become the norm. Fashion retailers will have less staff to pick your shoes or to assist you at the fitting room, so creative ways with the help of AI or robots will have to be in place for shoppers to find and buy their right sizes.

At the other end of the supply chain, engineers and architects have to work harder to design a shopping mall or building that is easy to construct and cost-effective to maintain. The construction sector should use

the Industrialised Building System (IBS) to ensure less wastage of materials, better quality control and reduce reliance on unskilled migrant workers.

Perhaps in the near future, we won't need 10 foreign workers to maintain a mall's plants and trees. The landscape would have been designed in such a way that machines, operated by only one skilled Malaysian, do the job.

Maybe malls will no longer need foreign security guards; smarter building layouts and the clever use of technology will effectively manage visitors and contractors.

Toilet cleaning chores will have to be simplified and cost-effective. It may be time to consider radical design concepts such as open piping, steeper floor gradients for better drainage, and ventilation systems with higher velocity and air change for dryer toilets.

Post-Covid is all about cost management under the shadow of inflation and enabling new technology through capital investment. The catalyst for this to happen has to be government fiscal policy because the private sector does not have the financial capability to do it alone.

The pandemic years have undoubtedly transformed the shopping mall business. The industry has had to adapt to changing tastes, trends and retail habits while adopting new technology to remain attractive.

While shopping malls look forward to a new era of technology, they still have to preserve the human touch for those seeking experiential shopping. Thus the focus of an upcoming industry event titled Reinventing Shopping Malls.

About the contributor

YL Lum is the secretary of Malaysia Shopping Malls Association (Persatuan Pengurusan Kompleks Malaysia).

