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Retail sector hopeful for Christmas sales



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E-commerce has been flourishing with notable sales growth, with larger numbers of SMEs joining the digital world

By LYDIA NATHAN / Pic By ARIF KARTONO

CHRISTMAS sales are expected to boost the badly hit retail industry as global sales took a nosedive this year due to the pandemic.

The local retail industry recorded the worst growth rate in 33 years, with a future negative outlook, especially when the moratorium came to an end in September 2020.

However, Retail Group Malaysia MD Tan Hai Hsin said the sentiment is looking up particularly since states began lifting the Conditional Movement Control Order (CMCO) on Dec 7, 2020.

“Since the last week of November 2020, shoppers within the Klang Valley gradually returned to shopping malls, despite the rising number of cases daily,” he said to *The Malaysian Reserve (TMR)* recently.

Tan said the first week of December 2020 recorded crowds of people in major shopping malls even though Covid-19 cases were higher than ever.

“The standard operating procedures (SOPs) have been relaxed and the festive season is most likely to entice more people to head out. Domestic tourism is also anticipated to be revived,” he said.

Tan said the initial fourth-quarter estimate was based on the third wave of the pandemic, and the subsequent shopping traffic that ensued from it.

He said retailers were unable to operate at full capacity and this affected sales drastically.

“However, the latest estimate may change as interstate and inter-district travels are now allowed. We will continue to observe the developments in the next few months,” he said.

Tan added that the current macro environment is beyond the control of retailers as it will remain conditional based on the pandemic and government policies.

“Retailing today is omnichannel; traditional retailers cannot rely solely on physical stores to grow.

“They need to provide multiple channels to reach out to modern consumers,” Tan said.

However, the Malaysia Retail Chain Association (MRCA) said the festive season would not give the retail industry a boost, despite the much-needed relief.

Its press team told *TMR* that the retail industry had been hampered by the inconsistent and incongruent SOP directives and it is unlikely to make a difference.

“Although interstate travel has been permitted, it remains to be seen whether this will have an impact on consumer spending as most Malaysians are raring to go for their year-end break.

“Given that social gathering is still prohibited, it is likely to be a muted celebration during this festive season,” MRCA said.

The association said to mitigate this dire situation, the fundamental business issues must be addressed, including high cost of doing business and sluggish sales performance.

“Both have a detrimental effect on cashflow, so we seek government intervention to protect businesses through the revision of the Covid-19 Act and also to stimulate the public to shop through tax incentive,” it said.

According to MRCA, economic recovery is most likely to be driven by domestic tourism activities, which can only be sustainable if cases decrease to a much lower rate.

“On the bright side, the Covid-19 vaccine offers salvation to the retail industry once it is proven to be safe and effective for Malaysians.

“In the meantime, the expression of survival of the most ‘adaptable’ would apply to all retailers,” it said.

Meanwhile, the e-commerce industry has been flourishing with notable sales growth, with larger numbers of small and medium enterprises (SMEs) joining the digital world.

Shopee Malaysia said it is confident in maintaining the strong momentum it saw over the last few campaign sales.

Its regional MD Ian Ho said the year-end robust period started with the 9.9 sale and continued to heighten.

“To put this into perspective and using our recently concluded Shopee 11.11 Big Sale, Shopee Malaysia recorded 200 million items sold on Nov 11, 2020, almost three times higher than in 2019,” Ho said.

Additionally, Lazada Malaysia said online shopping has become the new normal for most people and has shown no signs of slowing down.

A spokesperson for the platform told *TMR* that online spending will keep progressing.

“With the year-end holiday period in full swing and consumers preparing to celebrate the festivities and shower family and friends with gifts, they will continue to shop online.

“Throughout the MCO period, millions of orders were placed on Lazada Malaysia, with an increase of nearly 80% on average compared to pre-MCO.

“New SME sellers also increased by 300%, as businesses began to realise the distinct advantage of leveraging e-commerce to meet the rising demand from more consumers shopping online,” it said.