

An overview of shopping centre in malaysia marketing essay



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In this study, the evaluation on the effectiveness of tenant mix is based on a customer survey of a neighbourhood centre, Cheras Leisure Mall. Firstly, there will be a brief discussion on the shopping centre in Malaysia. Next, a general description on the background and location of Cheras Leisure Mall will be done. This chapter will also review the competitors to Cheras Leisure Mall, rental rates, contribution of the anchor tenant and mini anchor tenants, the segmentation of tenant mix by trade sector and brand category, occupancy rate of the case study shopping centre as well as the, asset enhancements of Cheras Leisure Mall for the past ten years. The list of tenants and the layout of retail space of the shopping centre will also be included for further understanding on the various tenant placements and pedestrian flow inside the shopping centre.

3. 1 An overview of Shopping Centre in Malaysia

The emergence of large regional shopping centres ranging from 800, 000 square feet to 1. 7 million square feet in the city and suburbs were started during the rapid economic growth in 1990s such as One Utama Shopping Centre (1995), Sunway Pyramid (1997), Suria KLCC (1998) and Mid Valley Megamall (1999).

Over the years, there is a trend of shopping centres in Klang Valley clustering nearby each other. For instance, in Bukit Bintang area, there are shopping centres like Sungei Wang, Bukit Bintang Plaza, Lot 10, KL Plaza, Starhill, Low Yat Plaza, Imbi Plaza and Berjaya Times Square. Also, there is an agglomeration of hypermarkets that anchor their own stand alone building with established shopping centres shopping centres i. e. Tesco

Hypermarket is located nearby The Curve, Ikano Power Centre and Cineleisure Damansara in Damansara area.

3. 1. 1 Retail Floor Space Provision

Based on the Retail Market Report provided by CH William, Talhar and Wong, Klang Valley (2009) is estimated to have 2. 27 million square feet of retail space to be completed from thirteen shopping centres in year 2010.

3. 1. 2 Average Occupancy Rates

According to the retail market report by CH Williams Talhar and Wong (2009), there is a slight increase in the overall retail occupancy from 85. 7% in 2007 to 88. 6% in 2009. The growth in occupancy rates shows that there is a high demand for retail space amongst retailers. Most of the large regional shopping centres like Suria KLCC, One Utama and Mid Valley Megamall are enjoying full occupancy rate.

3. 1. 3 Tenant

Shopping centres with good tenant mix have experienced substantial increase in rent over the past two years. The recent opening of some notable tenants like internationally renowned Swiss Luxury brand, Davidoff and well known US Brand, Krispy Kreme have played their role as a crowd puller in a shopping mall. Besides, the completed renovation and revamp in Lot 10 in year 2009 has added another attraction to the shoppers in Klang Valley.

Amongst the new tenants in Lot 10 are The Actor's Studio and Debenhams.

Table X shows the list of remarkable tenants opened in year 2009.

Table X: Notable tenants opening in year 2009

Zone

Shopping Centre

Tenant

Estimated Floor Area

(square feet)

Kuala Lumpur

Berjaya Times Square

Krispy Kreme

1600

Hartamas Shopping Centre

Home Fix

1300

Grand Imperial Restaurant

15000

Starhill Gallery

Davidoff

750

Selangor

Tropicana City Mall

Golden Screen Cinema

33000

Source: Retail Market Report, Ch William Talhar & Wong Sdn Bhd

3. 2 Cheras Leisure Mall as case study

3. 2. 1 Background

Cheras Leisure Mall is a well established, neighbourhood shopping centre located in the vibrant and matured township of Cheras, east of Kuala Lumpur City Centre. It has a net lettable area of 260, 960 square feet over four levels of retail, from the lower ground to its second floor. Besides, the shopping centre is well known for its trademark bridge in between shopping centre buildings. The centre also has three levels of decked parking.

The main anchor tenant of the shopping centre is Giant Supermarket together with mini anchor tenants such as Golden Screen Cinema, Fitness Concept, Popular Bookstore, Speedy Home Entertainment and HSL Electrical and Electronics.

Cheras Leisure Mall was one of the earliest modern, enclosed shopping centres to have been built in Cheras in 1990. Over the years, the centre has

faced and withstood stiff competition from newer and larger regional malls, having evolved into niche positioning focusing on value, comfort, convenience and lifestyle.

The completion of the flyovers at Jalan Cheras in 2007 has eased traffic flow along Jalan Cheras especially for commuters heading into Cheras Leisure Mall from the Cheras Kajang Highway.

3. 2. 2 Location

Cheras Leisure Mall is located within the residential area of Taman Segar, Cheras, which is approximately 7 kilometres from the Kuala Lumpur City Centre. The address of the shopping centre is Jalan Manis 6, Taman Segar, Cheras 56100, Kuala Lumpur. It is accessible from Cheras - Kajang Highway turning onto Jalan Cheras and then onto Jalan Manis 6, which leads to the shopping centre.

The immediate surroundings comprise of office building, shop-offices, single and double storey terrace houses, semi-detached houses and bungalows. Prominent and established landmark located within walking distance from Cheras Leisure Mall is Cheras Plaza. There are a few rows of shop-offices located adjacent to its eastern side. Schools and colleges nearby include Sekolah Jenis Kebangsaan Cina Taman Conaught, Sekolah Menengah Kebangsaan Taman Connaught, Sekolah Kebangsaan Rendah Taman Segar, Royal Malaysian Police College and Sedaya University College.

Cheras Leisure Mall is easily accessible to residents of Cheras as well as those coming from Kajang and Ampang. Residents of Taman Segar housing

precincts may also walk to the centre as these are within ten minutes walk from the shopping centre. A high number of workers from the shop offices nearby will also likely visit the shopping centre during lunch hour breaks and after office hours.

Cheras Leisure Mall is also easily accessible via public transportation like Rapid KL buses and taxis. The bus stop is located approximately 50 meters from the shopping centre meanwhile there is a taxi stand located right in front of the shopping centre entrance.

3. 2. 3 Competition Review

3. 2. 3. 1 Existing Competition

The most relevant competitors to Cheras Leisure Mall would be Tesco Midah, Giant Connaught, Jusco Selatan and Jaya Jusco Taman Maluri, all of which are located in its primary trade area.

Giant Connaught and Tesco Midah are located 1. 5 kilometers and 1. 3 kilometers from Cheras Leisure Mall respectively but it is less significant as a competitor. In many ways, Giant Connaught, Tesco Midah and Cheras Leisure Mall complement each other with Giant and Tesco being a popular hypermarket amongst residents in Cheras area and Cheras Leisure Mall, being an established suburban mall anchored by strong tenant like Giant Supermarket, Golden Screen Cinea and Fitness Concept. In addition, there are over 100 stores in Cheras Leisure Mall including food and beverage outlets offering great selection and value in shopping, dining and leisure.

Jaya Jusco Taman Maluri and Jusco Selatan on the other hand are anchored by Jaya Jusco supermarket and its departmental store. Some of its visitor may be similar to those who visit Cheras Leisure Mall.

3. 2. 3. 2 Potential Future Competition

1 Shamelin Shopping Mall, Jusco Bandar Mahkota Cheras and Jusco Bandar Sri Pemasuri are the three future shopping centres that may pose some competition to Cheras Leisure Mall. These three shopping centres are expected to complete in year 2010. According to Henry Butcher Retail (2009), 1 Shamelin Shopping Mall is estimated to have approximately 322, 000 square feet in net lettable area. Meanwhile, Jusco Bandar Sri Pemasuri and Jusco Bandar Mahkota Cheras will have approximately 150, 000 square feet in net lettable area each.

3. 2. 3. 3 Implications on Cheras Leisure Mall

On the whole, the existing and potential future competition analysed is not expected to have major long term impact on Cheras Leisure Mall as each of the centre is located at different area and serves different catchment markets.

3. 2. 4 Rental rates of Cheras Leisure Mall

The following table depicts the average rental rates of Cheras Leisure Mall as of year 2008.

Table X: Cheras Leisure Mall, Rental Rates (as of year 2008)

Floor Level

Floor Area

(square meter)

Rental Range Per Month

(RM per square meter)

Lower Ground

20 - 93

140.00 - 190.00

Ground

30 - 75

107.00 - 190.00

First

20 - 93

107.00 - 170.00

Second

25 - 95

53.00 - 170.00

Source: Property Market Report 2008, JPPH

3. 2. 5 Tenant Profile

As of 31st December 2008, Cheras Leisure Mall's net lettable area comprises 260, 960 square feet leased out to 146 tenants. Besides, Cheras Leisure Mall has achieved a high occupancy rate of approximately 95% as of 31st December 2008 and has received approximately a weekly average of four million visitors. However, there is a declined in occupancy rate in year 2009 due to the strategy of revamping the food court area in level one, including the introduction of new food and beverage tenants in level one such as Big Apple Donuts and Coffee, Subway, Sakae Sushi, Bread Story and Little Tokyo Japanese Restaurant at level two which were completed in end of year 2009.

Cheras Leisure Mall's anchor tenant and mini anchor tenants include leading tenants in Malaysia such as Giant Supermarket, Golden Screen Cinema, Fitness Concept and Popular Bookstore. In addition, Cheras Leisure Mall's tenant mix is diversified and not exceedingly dependent on any particular trade sector. The shopping centre largest trade segment is fashion and footwear followed by food and beverage.

The majority of Cheras Leisure Mall's tenants are international brands, franchises, local brands or chain store franchises. Below are the types of tenant in Cheras Leisure Mall:

supermarket

food and beverage

fashion and footwear

jewellery and watches

books, cards, gifts, souvenirs

entertainment, leisure and music

sport and fitness

electrical, electronics and computer

photo and telecommunications

home furnishing

hair or beauty salon

optician, pharmacy and health

services such as cobbler shop and money changer shop

A list of tenants in Cheras Leisure Mall is attached to this dissertation as Appendix A.

3. 2. 6 Cheras Leisure Mall's Asset Enhancements

A shopping centre can exploit its opportunity to grow if there is refurbishment or renovation exercise as it can subsequently increase the net lettable area and the yield of the mall itself.

In year 2003, Cheras Leisure Mall has undergone a multi-phase refurbishment exercise. This refurbishment includes receiving new railing for the bridge that connects the two building blocks, extension of net lettable area at level two, re-tiling and refurbishment of toilet facilities.

Consequently, key tenants like Popular Bookstore, Bata, HSL Electrical and Electronics, Speedy Home Entertainment and others have also refurbished their outlets. The multi-phase refurbishment exercise has completed in early 2005 and new tenant like Fitness First, Wong Kok Char Chan Teng, Starbucks, Secret Recipe and Restaurant Vietnam Kitchen have moved in and thus resulting new rental revenues. The overall refurbishment in year 2005 gave a brand new image to the shopping mall.

The car park area in Cheras Leisure Mall has also undergone an extensive refurbishment such as new flooring, painting and lighting in year 2007. This is to provide a more safe and secured environment to the shoppers who bring car.

In the late 2008, Cheras Leisure Mall has renovated its food court area by changing the tiles and repainted its interior. Besides, tenants like Shakey's, Blue Café and Old Kopitiam have terminated their tenancy due to the lack of business. However, after the renovation has completed in late 2009, prominent tenants like Big Apple Donuts and Coffee, Subway, Sakae Sushi and Bread Story have entered into tenancy agreement with Leisure Mall for a period of three years. By exercising this refurbishment strategy, Cheras Leisure Mall managed to reposition its shopping centre into a lifestyle mall and stay ahead of competition.

The photographs of the exterior and interior of Cheras Leisure Mall are attached in Appendix A. Meanwhile, the floor plan of Cheras Leisure Mall is shown in Appendix C.

3. 3 Conclusion

Based on the case study, it was found that Cheras Leisure Mall is located in a very strategic location as it is situated in the commercial centre of the affluent township of Cheras. Cheras Leisure Mall has also possessed various competitive strengths like quality tenants, high occupancy and good management and business model by overseen the gradual refurbishment of the shopping centre. The following chapter (Chapter 4) is the explanation on the methodology used in this research paper. It will also explain how the structured questionnaire is made and conducted.