

The Singapore Retail Report 2023

Connecting ambitions



adyen

engineered
for ambition

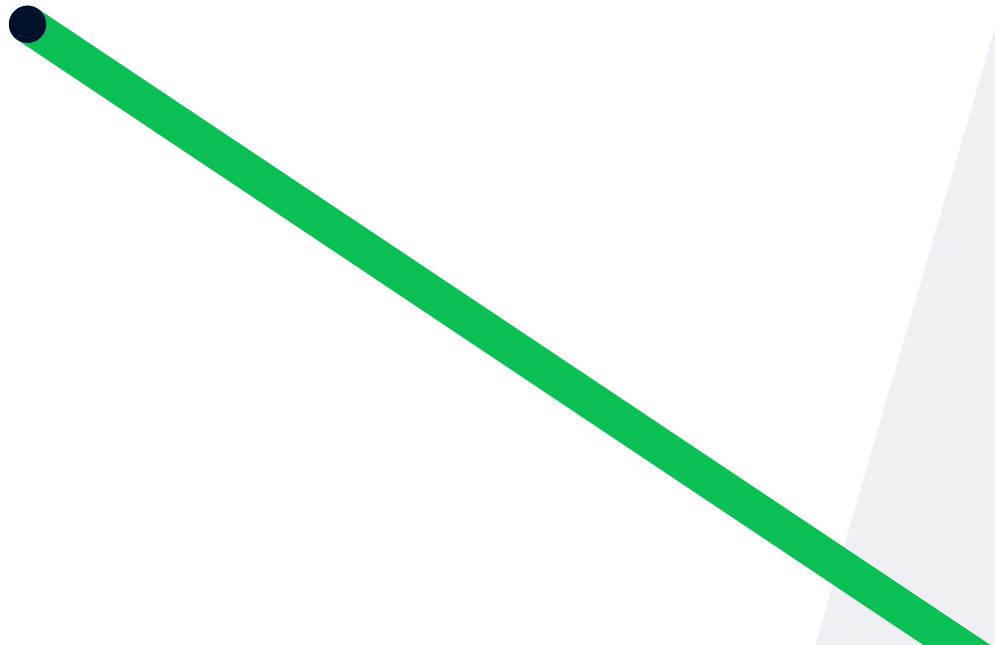
We asked over

12,000 businesses from 24 markets

to detail their fears, hopes, strategies, and investments for 2023 and beyond.



Then we asked 36,000 consumers
from 26 markets if they're getting it right.



Welcome to the Retail Report 2023

Connecting ambitions

Over the last few years, disruption has taken on a double meaning for retailers. Yes, there have been challenges – but there has also been innovative and creative disruption in retail, mainly through digital transformation.

While Singapore is starting to resemble its former self and the crowds jostling for shots of Marina Bay Sands seeming bigger than ever, there is no 'normal' these days. Retailers are looking to make up for lost time in an ongoing state of change. They are grappling with acute labor challenges and shifting consumer behavior. But their ambitions remain.

As part of our annual global study, we polled 1,000 consumers and 507 businesses in Singapore. The findings are clear. The competition to win over consumers and secure growth is fierce. More than any market, Singaporeans have changed how they shop. They're more discerning. They spend longer online or in store looking for the best deals. And they want personalized offers and shopping experiences.

To win customers and avoid a race to the bottom on price, retailers must accelerate digital transformation. With this, they can use their data to better connect with consumers, understand shifting behavior and tailor their offerings. They can integrate internal systems and organize operations to increase profitability. They can capitalize on new markets to diversify revenue. And they can keep their consumers safe from fraud.

We've done the analysis; now it's your turn to get inspired. Are you ready to connect and disrupt?

Let's talk shop.

Priyanka Gargav
Singapore Country Manager,
Head of Commercial
Southeast Asia & Hong Kong
Adyen

Retail in 2023

Chapter 1	Shoppers want more choices in return for their loyalty
Chapter 2	Unified commerce is a S\$1.48 billion retail opportunity
Chapter 3	Enterprises are looking for cross-border growth
Chapter 4	1 in 5 shoppers experience fraud
Conclusion	A connected industry is a disruptive one

Methodology

The Adyen Retail Report is a comprehensive guide to the global and local trends impacting businesses around the world, fueled by evolving consumer behaviors and the possibilities of financial technology.

This study includes business and consumer data from a wide scope of countries, examined and compared on both global and local levels to ensure a holistic view complemented by regional nuances.

Consumer insights

Opinium Research LLP polled 36,000 adults in Hong Kong, Japan, Malaysia, Singapore, India, Australia, UAE, UK, Ireland, Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Canada, USA, Brazil, and Mexico. Respondents were incentivized to participate.

Business insights

Censuswide polled 12,328 businesses in Hong Kong, Japan, Malaysia, Singapore, Australia, UAE, UK, India, Ireland, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Canada, USA, Brazil, and Mexico. Respondents were incentivized to participate.

Fieldwork was conducted between February 6 and March 1, 2023. Opinium and Censuswide campaigns are conducted in accordance with all ESOMAR principles and best practice.

Economic insights

We commissioned the Centre for Economics and Business Research (Cebr) to provide analysis on the impact that the use of technologies has on the global retail industry. Calculations made use of the Censuswide poll, as well as data from the Organisation for Economic Co-operation and Development (OECD) on retail businesses from 23 countries.

Chapter 1

Shoppers want more choices in return for their loyalty





77% of shoppers believe loyalty and personalized rewards go hand in hand

Singaporeans have always been highly discerning shoppers. But this has reached another level in 2023.

With rent and other living expenses increasing, many consumers are feeling cost pressures. While it's not dampening their appetite to shop, it is changing how and when they spend. Shoppers are now spending more time bargain hunting, with 42% searching for the best deals online and 48% searching for deals in stores. And two out of five (40%) will hold off from spending until seasonal moments like Great Singapore Sale and Singles' Day to make the most of added discounts.

Retailers are feeling this shift. 68% of them reported an increase in customer expectations in the past year. And more than two in five (46%) saw a decrease in customer loyalty. That's why 52% of retailers started offering discounts year-round.

However, it would be wrong to assume shifting expectations are driven purely by cost.

Customer demands for a personalized and engaging experience are also rising sharply. For example, 56% of consumers will simply abandon their purchases if they can't pay using their preferred methods, whether in store or online. The same percentage (56%) want retailers to remember their preferences and purchase history to provide a customized shopping experience, either online or in-store. And 77% of shoppers want more personalized discounting from retailers they regularly shop with.

Singaporeans also have sky-high expectations when it comes to loyalty. In fact, 80% believe retailers need to do a better job rewarding customers for shopping with them.

And it's not that customers aren't willing to play their part for loyalty rewards. More than three quarters (76%) of them would download a retailer's app to receive better loyalty bonuses, a 17% increase from last year. The challenge is that consumers feel the rewards are often generic and lack relevance – 60% say retailers' loyalty programs rarely offer them things they would actually want or use.

As consumers rethink their spending, retailers must find innovative ways to stay in tune with their customers' dynamic sentiments and behavior. Investing in personalization proves essential.

Accurate shopper data is the way forward, but that seems to be where many retailers are falling short. Up to 57% of businesses admit they find it harder to categorize shoppers by their needs. Only 31% of them use a customer relationship management (CRM) system to curate stronger personalized journeys. And only 28% of retailers can connect online and in-store transaction data.

Yet 36% of retailers are already planning to invest in collecting and analyzing payments data this year, a 20% increase from last year.





77%

of consumers would like to see more personalized offers and discounts at the retailers they shop most regularly at



56%

of consumers will simply abandon their purchases if they can't pay using their preferred methods, whether in stores or online



31%

of retailers use a CRM system to help curate stronger relationships with customers



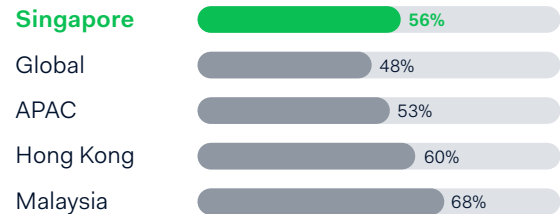
28%

of businesses can connect online and in-store data to help aid personalization strategies

Looking further afield

Singapore's consumers have high expectations for personalized experiences and loyalty programs. Retailers need accurate data to provide the experiences and loyalty programs consumers crave, and could follow the lead of other countries.

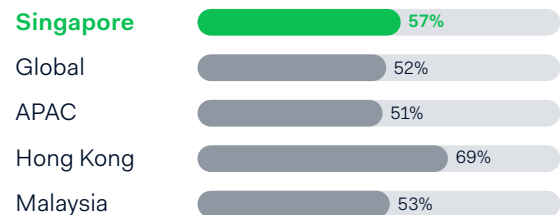
% of consumers that prefer retailers who remember their preferences and provide a tailored shopping experience



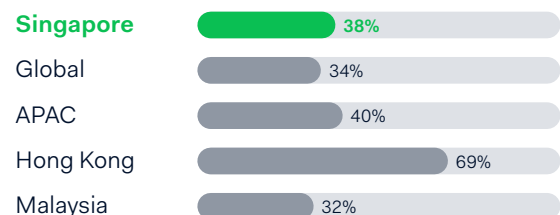
% of consumers that believe retailers need to do a better job rewarding shoppers for their loyalty



% of retailers that are finding it harder to categorize customers because they want a personalized experience



% of retailers that admit they don't have the data to make intelligent decisions on customer loyalty





"In the past you'd walk in, get your product, and leave. But there's so much more today – people are hunting for loyalty programs, points, rewards, and incentives. People are really more conscious of value and incentives, and that can be very important for the in-store experience."

Josh Bell — Principal, Guzman y Gomez Singapore

From insight to action

Power your personalization strategy with data

Elevate your personalization strategy and turn transactions into relationships with payments data

A unified commerce approach allows you to manage online and in-person payments data better and draw more accurate insights from it. Unified commerce connects real-time data from across your different channels, payment methods, brands, and regions into one centralized view. It shows you exactly what your shoppers are looking for, when and where they want to get it, and how they want to pay for it.

This keeps you ahead of the curve and lets you respond to your customer preferences quicker, more accurately, and at scale.

Payments data also helps you design more effective loyalty strategies. You can use actionable insights to offer tailored loyalty programs, personalized promotions, sales bundles, perks, dynamic pricing, and subscriptions that go beyond mere discounts. And you can meet your shoppers wherever they are in their nonlinear journeys.

Having the right payments partner by your side can help you curate these customer relationships and optimize your business performance.



Chapter 2

**Unified commerce
is a S\$1.48 billion
retail opportunity**

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Connecting sales channels delivered a 5 percentage point boost to revenue growth for retailers last year

In the face of increasing customer demands and a need to streamline operations, unified commerce is helping retailers solve challenges right across their business.

For example, it presents a range of solutions retailers can deploy in stores to ease pressures during busy times, and deployment of technologies could also help businesses cope with Singapore's well-documented labor shortage.

More than half (55%) of shoppers said they used self-checkout kiosks in stores in the past 12 months to help expedite their shopping experience. While 27% said they had been served by a roving staff member using mobile point-of-sale technology and 25% said they used a brand's app to self-checkout and secure loyalty points.

These technologies had an overwhelmingly positive impact. Only 1% of consumers said they had a bad experience, while 30% said these technologies would make them visit the store more frequently, 33% said it made shopping more fun, and 28% said it made them feel more positive towards the retailer's brand.

On top of staff shortages, the line has completely blurred between online or in-store as shoppers' first port of call for shopping. The highly flexible omnichannel experiences created by unified commerce are even more important. 70% of consumers are more loyal to retailers offering in-store web returns. 73% are also more loyal if they can purchase an item that was out of stock in stores and have it shipped directly to their homes. And 64% are more loyal if they can shop in store and finish the purchase online (showrooming) or vice versa (webrooming).

By connecting detached frontend and backend systems into a single platform, retailers can shift how they use technology to support their businesses. Technology becomes an integral part of their offering which has benefits far beyond the customer experience. It provides valuable data for customer management, and helps optimize fulfillment, supply chain management, and other backend systems.

Perhaps then, it shouldn't be a surprise that retailers in Singapore who used unified commerce in 2022 saw a 5 percentage point revenue boost, over those that did not. And our research finds an estimated S\$1.48 billion would be added to Singapore's retail sector if more retailers adopted unified commerce.

The entire industry is starting to see unified commerce as a strategic imperative. 14% have already heavily invested in unified commerce. 38% are beginning to invest in it, and 44% are considering doing so. This is just over the span of this year.

Additionally, 46% of businesses plan to invest in connecting backend systems to customer-facing payment channels, a 100% increase from last year. And 48% plan to invest in technology to improve the overall shopping experience.



How do consumers prefer to shop?



Consumer responses to technology to help alleviate stores during busy periods

It makes shopping in store faster



It makes shopping more fun



I will visit stores with this technology more frequently



It makes me feel more positive about the retailer's brand



I want more retailers to implement this technology



I had a bad experience and wouldn't return to the store

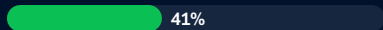


Technology that positively influences consumer purchasing decisions

Slick and user-friendly mobile apps



Home delivery of items bought in store



Mobile self-checkout



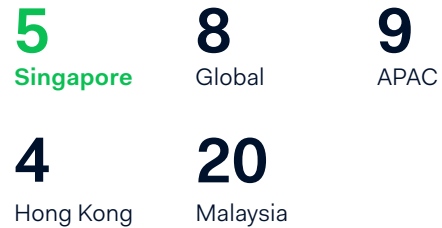
Self-checkout through a kiosk



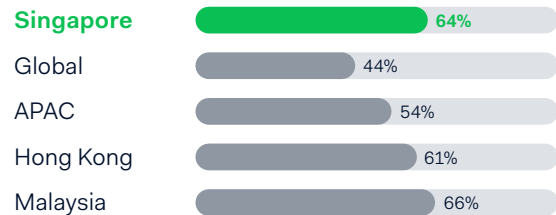
Looking further afield

While the 5 percentage point revenue uplift provided by unified commerce would be welcomed by almost any retailer, the impact in Singapore isn't as profound as in other markets. This is likely due to the market's small geographical footprint, which provides some business simplicity. But unified commerce driven benefits such as seamless omnichannel shopping and queue-busting technologies are far more warmly received in Singapore, highlighting the importance of a fluid cross-channel payment strategy.

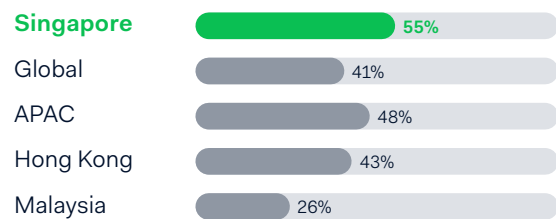
Percentage point boost to retailers' growth rate provided by unified commerce



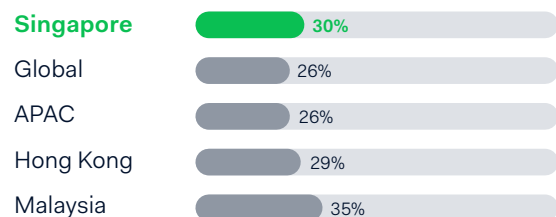
% of consumers would be more loyal to a retailer that offered seamless omnichannel shopping



% of consumers that used self-checkout kiosks in store in the past 12 months



% of consumers that said in-store technology would make them want to visit a store more frequently





Love,
Bonito

“Unified Commerce has helped us increase our market share, allowing us to reach out to our customers thoughtfully. Consumers who have tried us across multiple sales channels typically have higher average transaction values, because they understand our products better, so there's more loyalty to the brand.”

Dione Song — CEO, Love, Bonito

From insight to action

Shift your focus from touchpoints to journeys

Connect the dots through unified commerce

Shoppers focus on end-to-end experiences and not individual channels. Yet businesses have been interpreting customer experiences through the lens of siloed touchpoints. Unified commerce makes both see eye to eye and helps retailers keep up with their customers' complex and dynamic habits.

It connects multiple touchpoints into a seamless journey and curates personalized, frictionless experiences for your customers.

Take back control of your operations

Operational agility is key in today's global economy. Break down silos through unified commerce to connect your frontend channels and backend systems and streamline your operations.

Embrace a holistic, long-term strategy as you do so. Think of key business, organizational, and technological factors. Consider the channels you'll connect and the supply chains, legacy systems, and operating models involved. Are you conducting cross-border and local transactions? And do you need to revise your team structures for more agility?

Use technology to alleviate labor challenges

With unified commerce, retailers can deploy new in-store technologies and create seamless and flexible omnichannel experiences, which help alleviate pressures and eliminate queues in stores during busy times.

Manage your payments better

Move away from a fragmented payments ecosystem to a unified one. Instead of aligning different payment solutions across multiple channels, unified commerce means you can have a single payments stack. This improves authorization rates, optimizes costs, and eliminates downtime. It gives you a consolidated view of your payments across channels, payment methods, banks, and currencies.



Chapter 3

Enterprises are looking for cross-border growth

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39% of retailers plan to expand into new markets online

And 28% of retailers plan to expand via physical stores. Singapore is a well-established hub for retailers in Asia. Close to two thirds (62%) of businesses reported being in a better position in 2023 because of the diversified revenue generated from operating in multiple markets.

With border closures and travel restrictions par for the course, cross-border commerce was challenging over the past few years. Now retailers are once again looking to make the most of these nearby markets.

The top 5 destinations they're targeting are China (34%), Australia (29%), Malaysia (23%), Japan (21%) and the US (19%).

From the customers' perspective, the top considerations when engaging in cross-border ecommerce relate to variety, price, and convenience.

Up to 28% of shoppers look for unique products that are locally unavailable. When it comes to payments, 40% said they would only buy products from abroad if the delivery charges were reasonable. 22% would avoid it altogether if they had to incur customs charges in addition to the delivery fees.

As for the payment methods, shoppers still prioritize flexibility. Around 24% would only shop on websites in other countries if they can use their usual payment methods. 24% of shoppers also reported to do so if the retailers automatically converted prices to their local currency.

Cross-border commerce is an excellent avenue to grow a customer base and revenue. But, whether through physical stores or ecommerce, it is not simply a case of "build it and watch the dollars come in". There are a host of considerations that the right payments partner can help you overcome. Not only that, the right payments partner can also help you achieve economies of scale when operating across multiple markets.

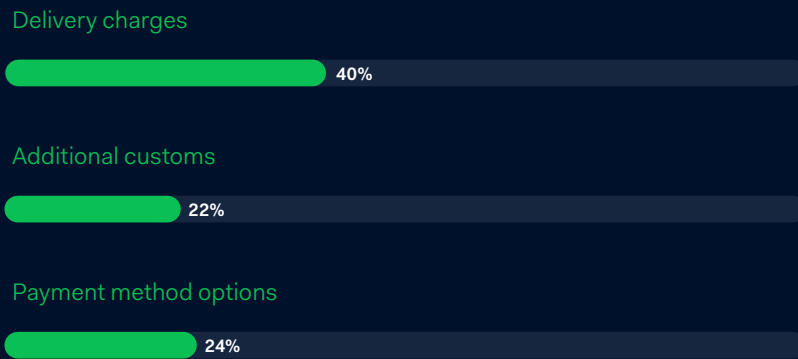


Global expansion plans for retailers

% increase from 2022 to 2023



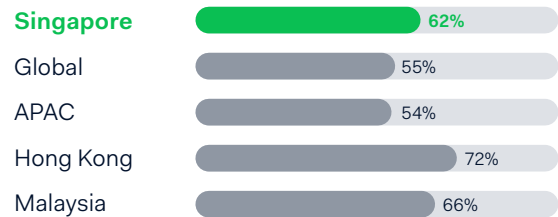
Top considerations for shoppers in cross-border ecommerce



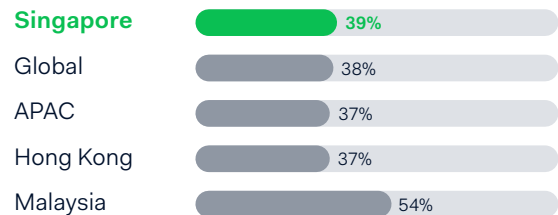
Looking further afield

As an established hub for many international retailers, Singapore performs well in comparison to most other markets when it comes to cross-border commerce. But retailers face competition from neighboring markets to capture increased market share. Singapore leads the way amongst other markets when it comes to offering international payment methods and experiences – owing to the fact that it is a mature cross-border market.

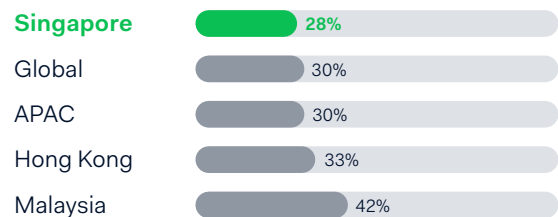
% of retailers that said their business is in a better position because they have diverse revenue streams from multiple markets



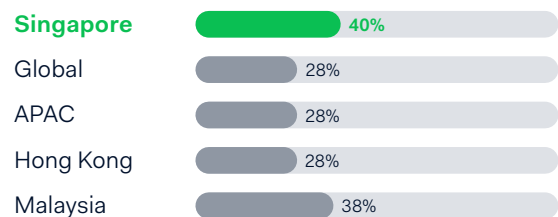
% of retailers that are planning to expand to new markets by selling online



% of retailers that are planning to expand to new markets by opening physical stores



% of retailers that offer international payment methods or common payment options from outside their operating country





“Payments vary wildly country by country. These differences, including what currencies they want to transact in, have a direct impact on how customers use your product and thus, your global expansion strategy. Some of these can be absolutely critical in the success of your international expansion.”

Adam Byrnes — Vice President of Product & Growth, Freelancer.com



From insight to action

Strategize your expansion and diversify

Choose a payments partner that helps you scale

Expanding into foreign markets is financially complicated. Consider currency conversions, taxation, and banking requirements. You don't have to navigate these challenges alone or start from scratch, especially if you're already operating in multiple markets.

A payments partner with an international footprint can bring all your cross-border operations under a single platform to remain connected wherever you are. The right partner should provide local and international acquiring options so you can optimize conversions or bypass the need for opening local bank accounts. Retailers can receive payments in their usual currency, regardless of the customer's location. And shoppers can pay with their trusted payment methods and preferred currencies.

A trusted payments partner makes your localization strategies efficient, compliant, and enjoyable. You can avoid the headache and increased costs that come with working with multiple intermediaries. It simplifies the nitty-gritty details of international payments, allowing you to focus on delivering consistent yet locally relevant and diverse shopping experiences around the globe.

Understand payment methods to cater to both domestic and “glocal” shoppers

How customers prefer to pay can vary greatly from country to country, and even from year to year as trends change. Many countries have their own unique payment methods, and retailers need the flexibility to adapt and offer those options that matter to target consumers.

With travel back on the global agenda, and Singapore's tourism sector back on the rise, local payment methods are an important consideration in store and online. Cross-border retailers need the right payments partner to help set up shop with ease, security, and compliance. Currently, 40% of retailers in Singapore accept local payment methods from outside the operating country of their business despite customer preferences for them. And only 38% of retailers accept all major card payment methods, even though 89% of their customers prefer using them when shopping in store and 89% of them when shopping online.

Working with the right global payments partner allows you to quickly and easily integrate locally preferred payment methods. And you can automate which payment methods to offer based on a customers' location, creating a world-class experience, globally.



Chapter 4

1 in 5 shoppers experience fraud





More than half of Singapore's retailers face considerable costs from fraud and chargebacks

As the retail industry continues its digital transformation, shopping experiences are becoming more innovative, diversified, and sophisticated. And so does fraud.

During the last year, 51% of businesses experienced increased payment fraud attempts. And 43% experienced cyberattacks or data leaks.

This is proving costly to both retailers and shoppers. 56% of retailers suffered significant cost pressures from fraudulent transactions and chargebacks. And 22% of shoppers experienced payment fraud over the past year, losing an average of S\$339 each. This more than doubles for

consumers using digital currencies like bitcoin, with 57% of shoppers using these currencies experiencing fraud.

As shoppers reconsider their spending habits to cope with surging prices, their confidence is taking an extra hit from cybercrime. 75% of consumers find online shopping less attractive because of fraudsters. 77% want to know who is processing their payments on behalf of retailers. And 83% want retailers to communicate their online fraud protection measures better.

Shoppers also undertake various techniques to minimize fraud risks themselves. 42% of consumers check whether a website is secure before purchasing, and 63% won't shop on an outdated website. Up to 33% avoid saving their payment details for security concerns. And 35% rely on biometric authentication online and in stores.

Traditionally older generations have been the primary targets of fraudsters, with tech-native youngsters being more savvy to their tactics. But that is no longer the case as fraud tactics become more sophisticated and widespread. Businesses need to up their protection if they want to build loyalty with younger generations, especially as their buying power increases.

Fortunately, a quarter (24%) of retailers plan to invest in fraud and risk management systems over the coming year. 55% will expand their fraud and risk teams in 2023. And technological solutions are on the rise. 60% of businesses already leverage artificial intelligence in fraud prevention, a 15% increase from last year.

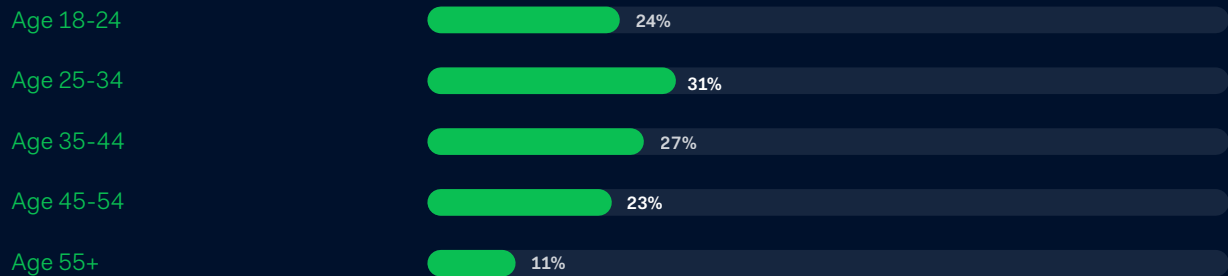


25% of retailers consider increased fraud a major threat to their business

Top fraud tactics in 2022



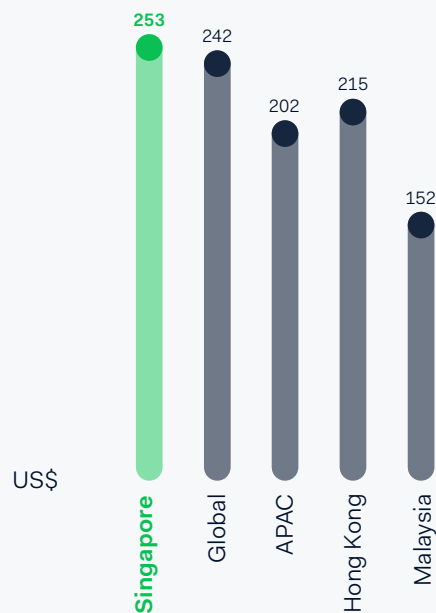
Younger generations aren't immune to fraudsters' sophisticated tactics



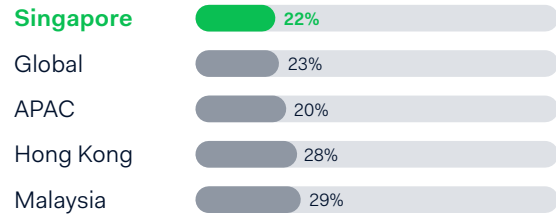
Looking further afield

While Singapore is slightly below the global average for victims of payment fraud, the amount the average victim loses is above average. As a result, consumers are starting to believe that shopping online is becoming a less attractive proposition. However, retailers are responding in kind, and are above the global average when it comes to fraud prevention measures, even expanding their risk teams at an above-average rate.

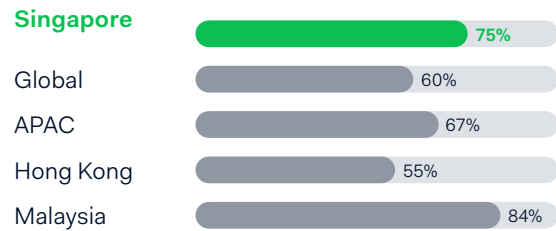
Average amount lost by victims of payment fraud (US\$)



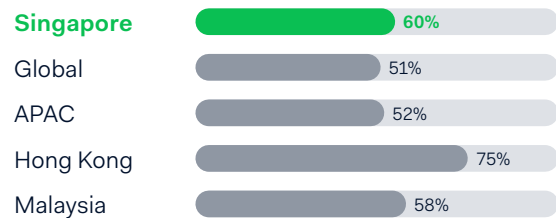
% of consumers who have experienced payment fraud



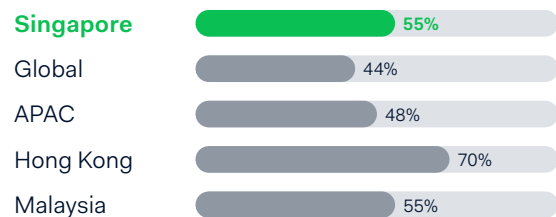
% of consumers who believe online shopping is becoming less attractive due to the fraud risk



% of retailers that use AI to help prevent fraudulent transactions



% of retailers that are doubling the headcount of its fraud/risk team in 2023





“The challenge for every organization is deciding where to set the threshold between the number of checks and controls to manage your fraud risk, versus the happiness of your customer as they go through a smooth payments journey. We spend a lot of time assessing how strict we want our risk tools to be.”

Aurélie Saada — Director, Global Fraud Risk Lead, Microsoft



From insight to action

Optimize your detection and create secure connections

Stay one step ahead of fraudsters with technology

Choose the fraud prevention model that suits your business needs. The most effective solutions today combine machine learning with customization. They let you identify unusual behavior and differentiate genuine shoppers from fraudsters. And you can set up additional measures tailored to your business.

Stay up to speed on industry regulations and trends

Know the latest updates on your different markets and shopper behavior. And keep track of the changing regulations, cybercrime trends, and risk management solutions. The right global financial technology partner will help you customize your approach to managing fraud, regardless of where you are across the globe. And it will ease your compliance on top of that.

Conclusion

A connected industry is a disruptive one

Retailers can become trendsetters. By connecting with their consumers and integrating their technologies and systems, they can sync with ongoing trends and set the course for new ones. Instead of reacting to disruptive forces, they can become creative disruptors.

At Adyen, we support our customers' journeys toward long-term sustainable growth. We're passionate about engineering new solutions for your ambitions and ensuring you're ahead of the curve in this rapidly changing and complex industry.

Whether that's busting queues in-store, providing personalized shopping experiences across channels, optimizing online payments, preventing fraud, or helping you simplify and scale in new markets, Adyen's technology has you covered. We look forward to exploring with you how financial technology can power your way forward.

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Adyen is the financial technology platform of choice for leading companies. By providing end-to-end payments capabilities, data-driven insights, and financial products in a single global solution, Adyen helps businesses achieve their ambitions faster. With offices around the world, Adyen works with the likes of Facebook, Uber, Spotify, SHEIN, Grab, Klook, and Singapore Airlines.

