

More spending in the heartland

Trend to continue as long as people work from home: Study

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Businesses in the heartland are likely to see continued increases in revenue, as consumer spending has shifted from the city to the suburbs.

So long as work-from-home arrangements and safe distancing measures persist, this trend will likely continue, said researchers at the Asia Competitiveness Institute (ACI), a local think-tank in the Lee Kuan Yew School of Public Policy.

“What we are seeing is a redistribution of the business landscape. By the end of June, spending in the suburbs has recovered faster than the city, by an amount equivalent to 2 per cent of pre-pandemic figures,” said Dr Xie Taojun, senior research fellow at the ACI, adding that this rise was significant.

Dr Xie was speaking at an online panel discussion, organised by the institute yesterday, on how consumer patterns have shifted during the pandemic.

His research on consumer trends during the pandemic was conducted based on anonymised data provided to the ACI by Mastercard.

The researchers tracked spending patterns from April 7 to June 30 – which covered the circuit breaker period and two weeks of phase two of reopening. They found overall spending in the central business district and the city took a hit, while heartland districts, particularly in west-

ern Singapore, recorded a boost in retail.

Areas in eastern Singapore, focused around industrial areas like Changi Business Park, also saw a drop in consumer spending.

Dr Xie said this redistribution of spending will become a lasting norm if office space in the central region remains less utilised. In addition, it will take tourists returning to retail spaces – perhaps as a result of air travel bubbles – to bring up spending levels in the city.

The study also indicated that consumers have become accustomed to online spending.

Dr Xie told *The Straits Times* there was a shift towards online spending during the circuit breaker, but no significant drop in the level of spending even as stores opened. This showed that even when given the opportunity to shop at bricks-and-mortar retailers, people still chose to go online.

“Whether this is the new normal is yet to be seen, but it is clear that people have become used to online payments, and this will persist for some time,” Dr Xie said.

“Businesses could recalibrate parts of their business models to accommodate online or cashless payments, and pay attention to consumer behaviour and spending trends,” he added.

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