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AEON BiG offers quality shopping experience without compromising on affordability

As the nation continues to navigate its recovery path post-pandemic, retailers are again vying for customers in the physical world as Malaysians return to brick-and-mortar outlets for their shopping needs. Amid the increasingly competitive landscape, AEON BiG (M) Sdn Bhd is banking on differentiating itself by emphasising the customer shopping experience without compromising on affordability.

According to AEON BiG managing director Sheikh Farouk Sheikh Mohamed, Malaysia is unique in that about 8 to 10 retail players compete for the same pool of shoppers, compared to more developed countries, which typically have two to three major players.

"They come in various sizes and formats with different offerings, not forgetting traditional trade such as wet markets, which are still relevant in the retail mix today. Competition is tough, hence the necessity to ensure we carve a niche for ourselves by providing consumers with a great shopping experience at affordable prices," he says.

While he admits that AEON BiG's prices may not be the cheapest in the market, the hypermarket aims to maintain affordability and provide a comfortable shopping environment for its customers, which they might not get elsewhere.

Price is definitely a factor consumers consider when shopping. Still, Sheikh Farouk says the shopping environment also plays a part, pointing to the newly refurbished Mid Valley Megamall store as an example.

"We have reduced the size of our shop floor by about 40%, but our sales now are much higher than before the renovation, which goes to show that while prices are a concern, perhaps equally or more important is to provide a great shopping experience for customers."

Changes in consumer behaviour post-pandemic

Besides the stiff competition, AEON BiG is also dealing with the significant change in consumer behaviour post-pandemic. Sheikh Farouk notes that basket sizes have shrunk while shopping frequency has increased, indicating that people either shop because of convenience or visit multiple store brands to get the best deal.

That is why AEON BiG has focused on providing value to consumers through various promotions and refurbishing its stores over the past two years to stay relevant to customers.

"The onus is on us to create value, and we need to give people a reason to patronise our store by offering quality products at affordable prices. In fact, we were one of the first retailers to join the government's



AEON BiG Mid Valley Megamall offers a premium shopping experience at affordable prices

Payung Rahmah programme last year in response to the people's plight.

"Seeing the positive feedback from this, we decided to continue with our own version of Jualan Rahmah by having our one-day, one-store special sales, which we branded as Orange Day, offering our top-selling products at very attractive prices with discounts up to 80%," explains Sheikh Farouk.

Moreover, the hypermarket has leveraged sports partnerships to drive footfall while engaging with communities through grassroots initiatives and women's programmes, such as its collaborations with the Football Association of Malaysia (FAM), Setiawangsa Rangers FC and MBSJ Women's football team.

These promotions and partnerships create value for consumers as well as AEON BiG's tenants, who will benefit from the additional footfall, says Sheikh Farouk, adding that the group will be doing more of the same this year.

While the leasing business was badly hit during the pandemic, Sheikh Farouk says occupancy rates have been recovering, especially in 2023, albeit at a slower-than-expected rate.

It has also improved collections and reduced bad debts, which he says is a "remarkable turnaround" for AEON BiG.

The group is rethinking its tenant mix, hoping to capitalise on Malaysians' preference for eating out by attracting more food and beverage (F&B) players to its malls. It is also targeting top-tier international

in the works, which will be announced once the details are finalised.

Reconsidering e-commerce strategy

While AEON BiG saw double-digit growth in online sales during the height of the pandemic, as consumers were discouraged from leaving their homes to curb the spread of the virus, demand for online purchase of fresh produce and food items declined as the nation entered the endemic stage.

As restrictions were lifted, Sheikh Farouk says contributions from the e-commerce segment tapered to just 1% to 3% of sales.

"Our bread and butter is fresh produce and food items, as people still prefer to visit the store and personally pick their items. It did not make sense for us to continue.

"But we are not completely closing the door. We are still talking to a few partners to see if there are specific categories that could make a comeback," adds Sheikh Farouk.

Looking ahead, AEON BiG expects a year-on-year mid-single-digit sales growth for 2024, in line with the government's forecast of 5% economic growth this year.

"I would say we are cautiously optimistic. While the numbers are showing gradual recovery, consumer confidence is still somewhat low, with some level of uncertainty, amid political and economic factors."

Sustainability at the fore

Amid escalating environmental concerns and consumer demand for more sustainable practices among corporates, AEON BiG has intensified efforts to integrate eco-friendly initiatives in its operations.

The hypermarket was among the first retailers to impose a blanket ban on take-home plastic bags since January 2023.

Recently, the group also partnered with Tenaga Nasional Bhd subsidiary GSPARX Sdn Bhd to install solar panels at 14 stores this year in a bid to reduce carbon emissions and electricity costs.

"We have also identified at least five stores that will be equipped with electric vehicle chargers to provide additional value to our environmentally conscious customers," says Sheikh Farouk.

Additionally, the group will continue its corporate social responsibility or CSR programmes this year, such as the beach cleaning initiative at Pantai Remis, Kuala Selangor, and the tree planting programme in Gombak, Selangor.

The hypermarket also launched its first Drive-Thru Recycling Centre at its Wangsa Maju store in collaboration with Solid Waste Management and Public Cleansing Corp (SWCorp).



Official signing as a partner of the Football Association of Malaysia

and local brands that resonate with customers and offer great products at affordable prices, such as sportswear retailer Original Classic Malaysia.

"We are also encouraging our tenants to upkeep and refurbish their shoplots to retain loyalists and, at the same time, attract a new generation of customers," says Sheikh Farouk.

AEON BiG currently has 21 stores operating throughout Peninsular Malaysia, which will soon see another addition by the second quarter of 2024 — its upcoming store in Seremban, Negeri Sembilan.

"We are excited to make a comeback in Seremban, as we have not been in the state for a very long time," he says.

The group also has other expansion plans



Customer engagement activities at AEON BiG Orange Day

Launch of Original Classic at AEON BiG Wangsa Maju

