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### Popular: Still Singapore's favourite bookstore

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# Popular: Still Singapore's favourite bookstore

30 Nov 2021

*Popular is evolving into an omni-channel retailer to improve its customer experience*

Popular has experienced much success since beginning its Singapore operations in 1936. However, it faces several challenges due to the changing local bookstore industry. Many bookstores were struggling to adapt to the changing business environment. The introduction of e-readers and e-commerce has led to online competitors taking away market share.

When the covid pandemic first hit Singapore in January 2020, it seemed like the breaking point for the remaining bookstores as most consumers stayed home to avoid contracting the disease. While many bookstores had to close down, Popular managed to stay afloat.

## CHANGING INDUSTRY

Popular built a network of bookstores in convenient neighbourhood locations. Naturally, it hoped that consumers would choose to buy a particular book from Popular rather than a competing bookstore. The advent of the Internet meant that bookstores started to compete on price as consumers could easily conduct price comparisons before making their purchasing decisions. Improvements in technology allowed books to be digitised and sold in soft copy format.

New industry participants capitalised by implementing e-commerce business models. Online retailers were able to price their products more cheaply due to the ability to purchase from any distributor and the absence of rental costs. Amazon was the largest online retailers with 103 million members, and it was able to leverage its bargaining power over its suppliers to secure a more than 60 percent discount for its books.

Amazon's success led to revenues of S\$3.86 billion in 2014. However, brick and mortar competitors in the United States suffered, resulting in a "retail apocalypse" where more than 50 percent of independent bookstores shut down between 1994 and 2014.

## UNIQUELY SINGAPORE

Despite closing its overseas stores, Popular continued to prosper domestically. The company had become integrally entrenched as part of Singapore's meritocratic education system that enabled positive social mobility. A high literacy rate was gained by getting children to start reading at an early age. Popular CEO **Chou Cheng Ngok** knew that people will never stop reading, "The desire for fiction, content, information, and knowledge never ceases; one of the defining characteristics of mankind is our ability to imagine and speak about fiction and ideas. While preferences in types of content and the way we access books may change, the habit of reading, for leisure or otherwise, prevails."

While the educational system raised the local standard of living, it also created an intense exam culture. Parents felt pressure to engage tuition services in order to allay the fear that their children would fall behind in school. The demand for assessment books and supplementary resources was astronomical and it created a thriving tuition market worth S\$1.4 billion in 2019. Popular carried educational resources for children of all ages.

Popular became a one-stop shopping destination for families. It carried books in several local languages and stocked a wide range of merchandise including stationery, electronic gadgets, and household appliances. The company's philosophy was to provide an innovative product offering. "Retailing is very interesting. It's basically common sense. If you're willing to explore and think, you can have various permutations and combinations." Based on customer profiles and size constraints, Popular experimented with various store layouts at different locations with the aim of keeping customers in the store longer.

## CHANGING CONSUMER BEHAVIOUR

Popular had been affected by the showrooming trend, where customers gained information about products in their stores before buying from online competitors. However, Chou believed in his strategy of maintaining a strong physical presence. He explains:

*"We strongly believe in the future of brick and mortar businesses in Singapore, especially for the retailing of books. Our standard process had been to continually review the performance of each of our retail stores, and from there: close non-performing stores upon lease expiry, focus on improving the space productivity of existing stores through effective merchandising, display and marketing, and seek out new locations that are in line with our development strategy of maintaining high accessibility for families. Physical stores are avenues for students, parents and educators to personally evaluate and review the materials, which is the most convenient and efficient method of evaluation, before making their purchase."*

Nevertheless, Popular adjusted its strategy by adding an online presence that would be complementary to its business. In May 2020, it introduced an e-commerce store on local shopping platform Lazada. "The pandemic presented us with the opportunity to review our online strategy. Our two-prong approach simultaneously focuses on establishing a comprehensive in-house e-commerce platform that integrates business-to-business (B2B) and business-to-consumer (B2C) services, while leveraging on third party marketplaces to exponentially expand our online presence."

## THE NEXT STEP

Many retailers were moving to hybrid business models. Online stores find that products are returned at lower rates when customers have easy access to information at a physical location, especially when there is uncertainty on non-digital features such as taste, smell or feel. A storefront will also allow customers the option of picking up their purchases and help companies optimise fulfilment operations.

Popular planned an omni-channel strategy using a more experiential retail store that allowed consumers to start and finish the customer journey using different channels. This strategy would allow Popular to rightsize its store network and keep less inventory in each store. Popular could use its online presence to engage with consumers on social media. As home delivery for small items such as books could be expensive, Popular could offer discounts for store pickup and entice customers to buy other items once they enter the store.

"A seamless cross-channel experience supported by a network of retail stores and online platforms will form the foundation for future business development," Chou observes. "Active developments in our retail platforms and enhancement of the shopping experience, coupled with the convenience of dynamic digital spaces, can help us future-proof the business and stay resilient when dealing with the fast-changing business landscape in this increasingly unpredictable world."

*This is an adapted version of the SMU Case, "[Popular Bookstore: Evolving into an Omni-Channel Retailer](https://cmp.smu.edu.sg/case/5126)". To see the full case, please click on the following link: <https://cmp.smu.edu.sg/case/5126>" at the end of the article.*

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