



**HOUSING &  
DEVELOPMENT  
BOARD**

**Enterprise  
Singapore**



Photo: Wikipedia

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# Reinvigorating **Heartland Shops**

**Heartland Shops Study Summary Report**

*November 2022*

Research Partner:

**BLA  
CK  
BOX**

# INTRODUCTION

Heartland shops are an integral part of the daily lives of many Singaporeans. They serve as a key social contact point for residents and evoke emotions of nostalgia for many others. In recent years, trends such as the rise of e-commerce, an ageing workforce, and the onset of COVID-19 have presented challenges to heartland shops.

The Housing & Development Board (HDB) and Enterprise Singapore (EnterpriseSG) have commissioned this study to examine the social and economic value of heartland shops, and what could be done to help them better serve their role.

More than 2,800 stakeholders including residents, business owners, shop employees and key opinion leaders such as academics, industry leaders and merchants' associations were engaged through surveys, interviews, and focus group discussions. Results from this study show that heartland shops have proven to be resilient and play an important role in our social fabric. The report also includes some recommendations on how to rejuvenate our heartland shops to be more vibrant and inclusive, while preserving heritage and local character.





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# PROFILE OF HEARTLAND SHOPS

There are about 15,200 heartland shops islandwide, bringing convenient and affordable shopping to residents.

These comprise rental and sold shops spread across Town Centres (TCs), Neighbourhood Centres (NCs) and Precinct Clusters (PCs).



Hierarchy Level	Type of shops	Rental Shops	Sold Shops	Total
Town Centres (TC)	Widest variety of trades, e.g. banks, commercial schools	300	1,104	1,404
Neighbourhood Centres (NC)	Basic needs, e.g. eating house, supermarket, clinic food and beverage (F&B) stores, and services	2,575	4,149	6,724
Precinct Clusters (PC)	Basic needs, e.g. eating house, small supermarket, clinic	3,828	3,235	7,063
Total		6,703 (44%)	8,488 (56%)	15,191

*Note: Figures as of September 2022*

Heartland shops present low-barrier business opportunities for entrepreneurs with stable and below-private rental costs.

Heartland shops see a resilient demand with a low vacancy rate as compared to the private sector.

# CHALLENGES FACED BY HEARTLAND SHOPS



## KEEPING UP WITH CHANGE IN THE FACE OF AN EVOLVING LANDSCAPE

Many business owners highlighted the strong competition from online and e-commerce sites as these channels can offer lower and more competitive prices to attract customers.

While heartland shops have begun to tap existing government programmes to go digital (i.e. offering digital payments, onboarding e-commerce platforms), the majority of businesses have yet to fully adopt digital tools.

There has also been a shift in consumption and shopping habits. In particular, traditional trades are also finding it challenging to remain relevant and find successors for their businesses.



## BALANCING PROFIT MARGINS WITH OFFERING AFFORDABLE OPTIONS

Shops are facing thinning profit margins due to increased competition from e-commerce and malls, as well as rising operating costs.

Rising rentals are also a key source of concern, especially for operators renting from sold shop owners\*. This could arise from the rent-seeking behaviour of some sold shop owners who do not operate a business themselves but rent out the shop fully.

*\*Of the business owners surveyed at sold shops, only 25% were sold shop owners operating a business, while the remaining 75% were businesses renting the space.*



Photo: Housing & Development Board

# CHALLENGES FACED BY HEARTLAND SHOPS



## PRESERVING THE UNIQUE SOCIAL ROLE OF HEARTLAND SHOPS

Heartland shops not only provide residents with convenient access to essential goods and services, but also serve as a social node for residents to mingle, and enhance the vibrancy of HDB communities. At the same time, some of our heartland shops have older infrastructure and more traditional trade mixes, which may be less appealing to younger people. As demography and needs of residents evolve, it is important to not only maintain the vibrancy of our heartland shopping areas, but to also ensure heartland shops continue to strengthen our social connections and inspire community cohesion and inclusiveness.

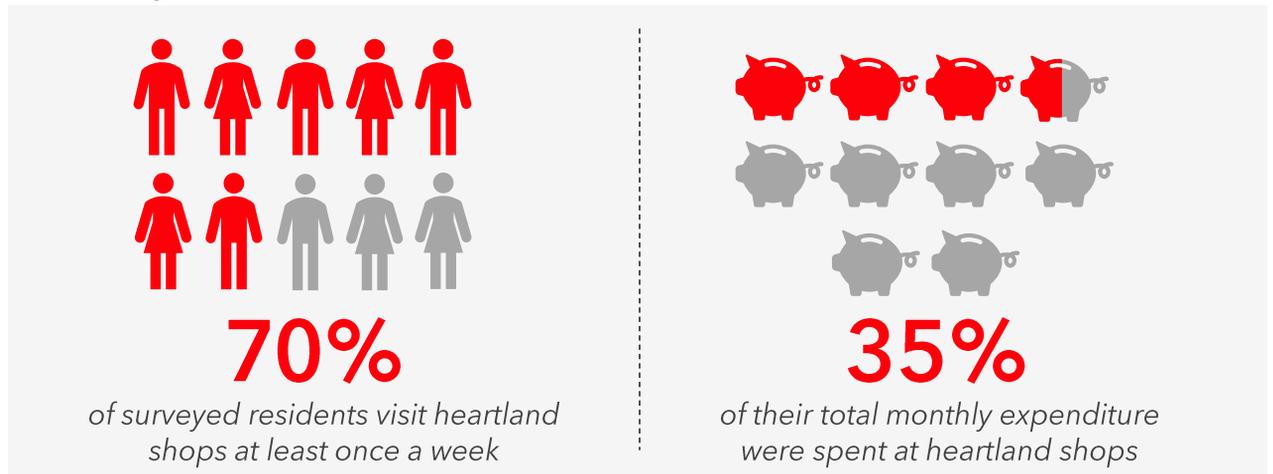


# GUIDING PILLARS ON THE ROLE OF HEARTLAND SHOPS

Three guiding pillars have been identified that encapsulate the role and value of heartland shops: vibrancy, inclusiveness, and local character.

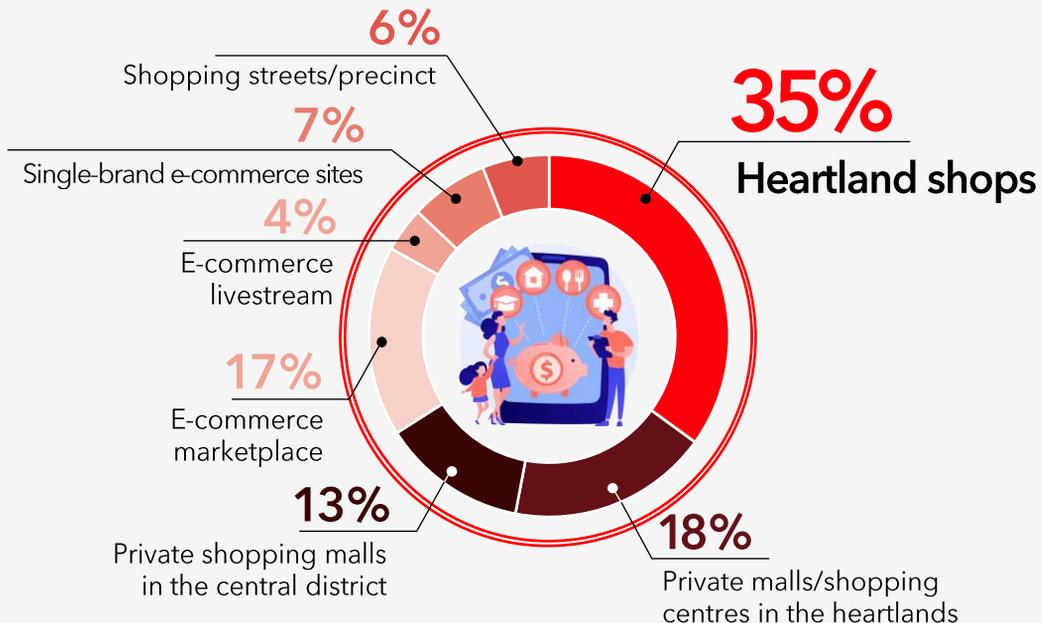
## VIBRANCY

Enabling a bustling and lively atmosphere with a variety of placemaking and community activities.



## Proportion of Monthly Spending

(% denotes the proportion of monthly spending allocated to the respective places/ platforms)



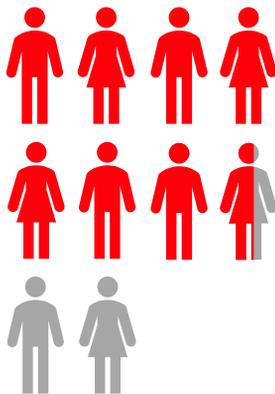
# GUIDING PILLARS ON THE ROLE OF HEARTLAND SHOPS

## INCLUSIVENESS

Bringing convenience and providing essential products and services to serve the local community at affordable prices. Serving as social nodes to facilitate community bonding and social networking among residents.

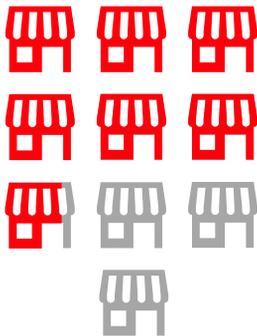
**76%**

of surveyed residents feel that heartland shops allow social mixing among people of different races, social economic status, and generations



**68%**

of surveyed residents agree that heartland shops provide cheaper goods and services to help reduce cost of living



*"In heartland mall we are more connected with the residents because they have been living there for a while. Because we are close, I don't mind doing extra steps for them."*

**Business Owner**

*"It's easier to form a rapport with customers in a heartland shop than in a mall. Our customers help us by referring others to us too"*

**Employee**

*"Whatever you want, like food, snacks or even a haircut, it's all just a stone's throw away. We don't even need to take public transport. Just take the lift down, walk for 5-10 minutes and everything is within accessible distance."*

**Resident**

*"Near my place there is an Indian restaurant below the HDB block and also a Chinese grocery store and a Malay grocery store. If I need certain things from different places, I can simply visit the area."*

**Resident**

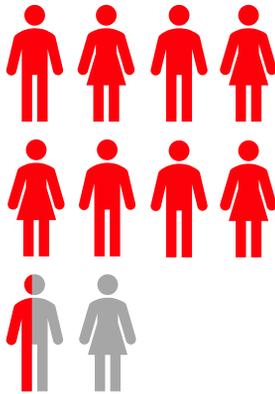
# GUIDING PILLARS ON THE ROLE OF HEARTLAND SHOPS

## LOCAL CHARACTER

A national and cultural identity through preserving and sustaining local traditions and trades.

**84%**

of surveyed residents agree that heartland shops are part of the culture and heritage of Singapore



*"My family doctor is still around after 20 years. I recently went back and he recognised me. It's a vintage-style clinic where they still use pen and paper. This is a part of our heritage."*

**Resident**

*"Some of the shops are older than me. The shoe shop that I used to buy my school shoes from? It's still here. Those shops are still alive. So, it's part of our heritage."*

**Resident**



Photo: Housing & Development Board

# SOCIAL VALUE & PERCEIVED ECONOMIC CONTRIBUTION OF HEARTLAND SHOPS

The study sought to uncover the social value and perceived economic contribution of heartland shops.

Social value included contributions to vibrancy, social capital, community needs, and heritage, while perceived economic value covered categories of productivity, employment, and trade mix. These variables were then analysed comprehensively to provide a deeper understanding of the role and value of heartland shops. The findings from residents show that the social purpose of heartland shops comes across more strongly.

## Perception on the Role of Heartland Shops

(% denotes the proportion of residents/patrons that agreed with the respective statements)



### SOCIAL

Heartland shops bring about greater convenience to nearby residents **89%**

Heartland shops are part of the culture and heritage of Singapore **84%**

Heartland shops allow social mixing among people of different races, social economic status and generations **76%**

Heartland shops serve as a networking point for residents who live in (or beyond) the area **74%**

Heartland shops are part of place-making and give people a sense of identity in this neighbourhood **72%**

### ECONOMIC

Heartland shops are an important part of the economy **82%**

Heartland shops create jobs for the society **71%**

# MOTIVATIONS FOR PATRONISING HEARTLAND SHOPS

When asked what would encourage Singaporeans to patronise heartland shops more, the top responses were to offer more attractive prices and to increase the variety of trades offered.

## Top Motivations that would Encourage Residents to Patronise Heartland Shops More Often

(% denotes the proportion of residents/patrons that selected the respective statements)



More attractive prices	<b>62%</b>
Increase the variety of trades offered	<b>53%</b>
Improve the comfort of the environment	<b>40%</b>
Offer more digital payments/cashless payment	<b>39%</b>
Make it a cleaner environment	<b>35%</b>

# IMPORTANCE OF TRADE MIX

Heartland commercial clusters should have a wide variety of products, services, and brands to attract different types of shoppers and meet the various needs of residents living in the area.

In recent years, concerns have been raised about the homogeneity of some heartland commercial clusters. An excess of businesses dedicated to beauty salons, phone repair shops, and bubble tea, while providing choice and potential economies of scale through agglomeration, could dampen the heartland environment and affect vibrancy due to the lack of diversity.

As part of the study, Singaporeans were asked which trades they thought would remain relevant and important.

## Relevance and Importance of Trades

*(% denotes the proportion of residents/ patrons that indicated the trade as being relevant)*



### Top 8 Trades Expected to Remain Relevant

Eating house/Coffeeshop	<b>92%</b>
GP clinic	<b>81%</b>
Hypermarket/Supermarket	<b>77%</b>
Bakeries/Confectionary	<b>74%</b>
Hair dressing salon	<b>69%</b>
Minimarket	<b>66%</b>
Dental clinic	<b>63%</b>
Household & personal care	<b>60%</b>

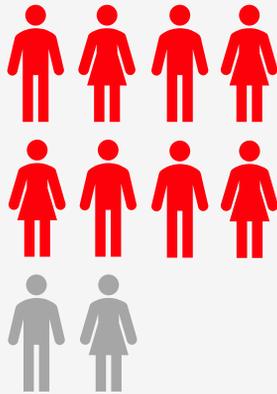
The top trades include F&B (coffeeshops, bakeries), groceries and healthcare. On the other hand, the less relevant trades were niche, such as offices, vehicle workshops, fashion retail, wholesale goods, packaged food and finance related services.

# DIGITALISATION

As business owners face challenges of competition with e-commerce, it is essential for heartland businesses to tap onto digitalisation to remain competitive. COVID-19 has accelerated the adoption of digital solutions, where e-payment presents itself as the first step towards digitalisation.

**80%**

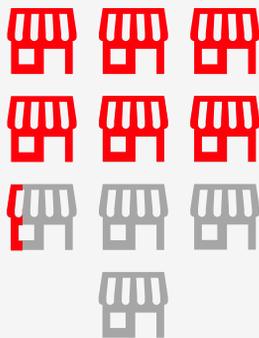
*of heartland shops surveyed are offering e-payment*



More than 80% of business owners surveyed offer some form of e-payments, with many adopting due to the COVID-19 pandemic and programmes such as Heartlands Go Digital.

**62%**

*of Singaporeans would like to see more adoption of e-payment*



With the changing consumer patterns and the rise of new business models, it is inevitable that heartland shops will need to tap into the digital realm to remain relevant.

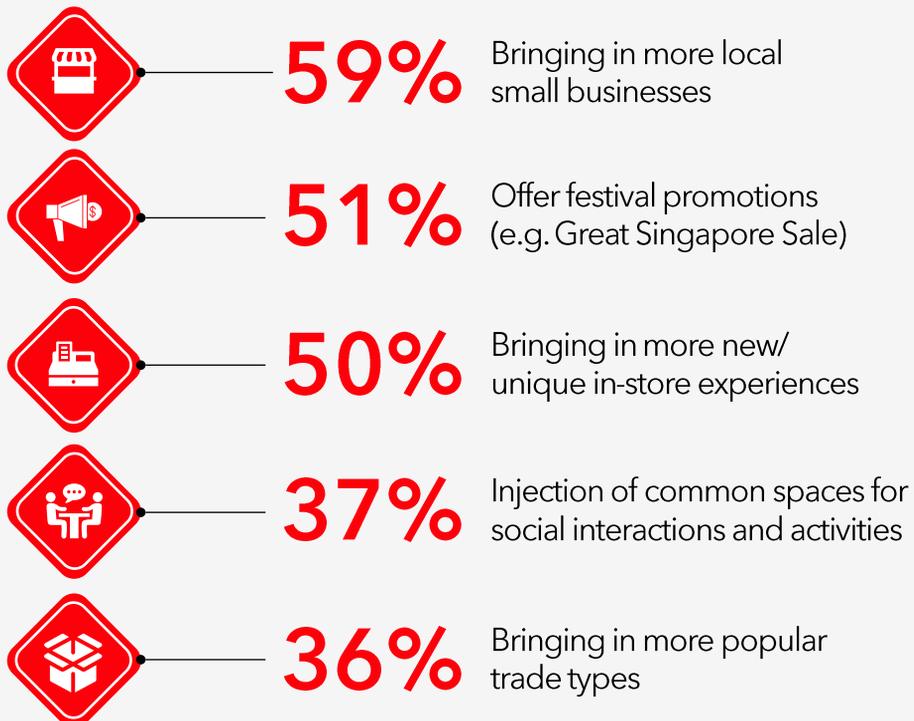
# ACTIVITIES TO ENCOURAGE PATRONAGE

Residents indicated that introducing more local small businesses, festival promotions, and more unique store experiences would entice them to patronise heartland shops more often.

## Activities that would Entice Customers to Visit Heartland Shops More Often

(% denotes the proportion of residents/patrons that selected the respective statements)

### Residents



# RECOMMENDATIONS BY GUIDING PILLARS

The following recommendations grouped by the guiding pillars of Vibrancy, Inclusiveness, and Local Character, have been developed as part of the study. HDB and EnterpriseSG will consider these recommendations and the outcomes they seek to achieve and will study them further as next steps.



## Vibrancy

- Continue digitalisation push
- More placemaking initiatives
- Strengthening capabilities



## Inclusiveness

- Stronger trade curation to better serve residents' needs
- Providing more diverse trade mix



## Local Character

- Maintaining the local character



Photo: Housing & Development Board



VIBRANCY

## CONTINUE DIGITALISATION PUSH

Building on past efforts to encourage adoption of digital solutions (e.g. Heartlands Go Digital programme, introduction of ShopperLink app), heartland shops could consider offering loyalty programmes, rewards, or even discount packages through an app to encourage habit formation among customers and recurring patronage.

A digital directory could be set up to tackle the low digital presence of heartland shops and to help Singaporeans find shops more easily. Navigation features may possibly be included to further enhance the user experience.



## VIBRANCY

# MORE PLACEMAKING INITIATIVES

To enhance the vibrancy of heartland shops, more festivities and events such as pasar malams (night markets in Malay), farmers' markets or even the heartlands' edition of Great Singapore Sale may be organised. These festivities have a wide range of potential benefits which include platforming home-based businesses, attracting patrons beyond the usual residents, community bonding, and celebrating the diverse cultures in Singapore.

These events may also be customised to suit various demographics, such as more traditional fare in older estates and more family-friendly themes in newer estates with younger families.





**VIBRANCY**

## **STRENGTHENING CAPABILITIES**

Heartland shop employees identified Digital/ IT-related skills and market/customer knowledge as the most crucial and desired skills for professional development.

With the support from business operators and interest from shop employees on upskilling, EnterpriseSG may look into offering relevant courses at affordable rates or work with other relevant agencies such as Workforce Singapore and SkillsFuture Singapore to promote the awareness of ongoing curriculum.

Greater support can also be provided for merchants' associations to enable them to be more active and provide better value-add to their heartland shop members.





## INCLUSIVENESS

# STRONGER TRADE CURATION TO BETTER SERVE RESIDENTS' NEEDS

Building on existing trade curation at HDB shopping complexes, HDB could enhance the curation of trade mix at other commercial clusters by studying the needs and desired trade mix for the commercial cluster. This should be done through working with local stakeholders like residents, the merchants' association and grassroots organisations.

HDB can then exercise stronger curation by reducing duplication of trades, or injecting much needed basic trades. HDB could correspondingly explore targeted intervention at some pilot sites, including selectively buying back sold shops or not renewing tenancies of rental shops, and tendering such units to more desired trades.



## INCLUSIVENESS

# PROVIDING MORE DIVERSE TRADE MIX

In addition to meeting basic needs of residents, HDB can explore curating a more diverse trade mix to better serve the pillars of vibrancy, inclusiveness and local character. Similar to the previous recommendation, more local engagement should be done to determine the ideal trade mix.

HDB could implement this at vacant shops from expired tenancies and leases, by bringing in more desired trades, anchor tenants (e.g. groceries, food, local brands), social enterprises, budding entrepreneurs or unique shops that enhance the local character of the commercial clusters. This could be done via Price-Quality Method (PQM) tenders to select the best trades and tenants. For select groups like social enterprises and budding entrepreneurs, HDB and EnterpriseSG could also look at enhancing existing support schemes.



## LOCAL CHARACTER

# MAINTAINING THE LOCAL CHARACTER

To maintain the vibrancy of shops, physical upgrading may be carried out for older shops to improve the environment to the benefit of businesses and customers. In doing so, a balance should be struck between retaining the character and charm of the shops of old while ensuring that they have the necessary infrastructure to remain relevant.

To further preserve local character, HDB can consider enhancing its existing PQM tenders for rental shops to have greater weightage for local character and community-centric initiatives.





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