



Revamping JCube Proposal

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The following report is a proposal to revamp the entertainment and lifestyle mall, JCube. The report includes an analysis of the current position and strategy of the company, an analysis of the macro environment and JCube's financial performance, the key issues JCube faces and recommendations that will help JCube to compete more effectively against their competitors, JEM and Westgate.

Current Position/Situation

JCube is a heartland mall situated in the west of Singapore, targeting youths and residents who live and work in the area. With its unique selling points of housing 1 of only 2 Olympic sized skating rinks in Singapore, and having Singapore's first IMAX theatre, JCube aims to establish its presence as a lifestyle and entertainment hub in western Singapore. Their strategy is to capitalise on the fun and unique attractions JCube offers. However, it faces steep competition from near-by malls JEM and Westgate, which is part of the reason it has been seeing uninspiring gross revenue in 2014.

In spite of this, JCube has immense potential, especially since the Jurong area has been slated to be developed into a unique lakeside destination for business and leisure by 2023. This means that JCube is in a prime position to capitalise on its strengths to boost its performance in the future.

Key issues

While JCube may seem like a profitable mall on the surface, it has the potential to perform better. Our competitor analysis and comparison has identified that JCube is losing out in terms of popularity and revenue to its competitors. Through further analysis on the SWOT for JCube, we have identified that JCube's 2 main issues are its confusing layout and poor product mix, resulting in its lack of competitive edge compared to its competitors.

The SWOT analysis also identifies certain strengths of JCube that we can build on and emphasise, in order to alleviate the problems they face.

Recommendations

Looking at these issues, we have come up with some recommendations to allow JCube to capitalise further on its strategic location and draw consumers. From our previous analyses, we have established JCube as a reputable mall with an identifiable selling point. Thus, we can build on their already established reputation to ensure that their products are more inline with their image. This will help their performance in the future.

These recommendations are:

- To reconfigure the layout of level 2 and 3
- To bring in more tenants

Conclusion

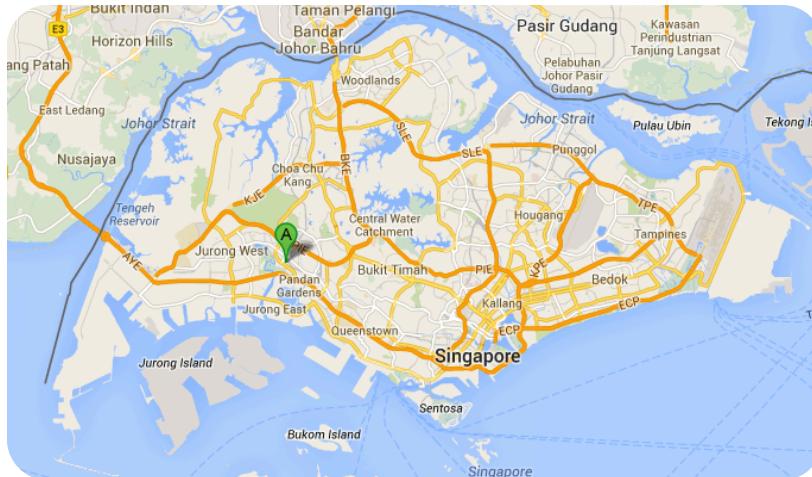
Currently, JCube has immense potential to become a forerunner in its region. However, it must first overcome its key challenges.

We believe that through these 2 simple enhancements, JCube will be able to better position itself as an entertainment hub, and cater to its main target market, the youths and residents.



INTRODUCTION

The following report is a company analysis on JCube, a shopping mall located in the West of Singapore. A brief background is provided, followed by analysis of its current performance and key issues and lastly, SWOT analysis illustrating its strengths, weaknesses, opportunities and threats. Customized recommendations have been developed to address the challenges faced by JCube and to guide JCube towards greater financial performance.



JCube is a shopping centre managed by CapitaMalls Asia and is located in the suburban Jurong East. Built on the plot of land previously occupied by Jurong Entertainment Centre, JCube welcomed its first shoppers on the 2nd of April 2012 after undergoing redevelopment. With a net lettable retail floor of 110,000 square feet (10,000m²), the S\$138.2 million asset enhancement project, JCube, includes Singapore's first Olympic-size ice rink, the first IMAX theatre in the suburbs.



2008: Jurong Entertainment Centre is torn down



1993: Jurong Entertainment Centre is built and opened to the public



2012: JCube is first opened



CURRENT POSITION/SITUATION

In this section, we look at JCube's current positioning and strategy. An analysis of the micro and macro-environment is also carried out. This will help to give us an idea of JCube's current performance, and what threats and opportunities JCube is facing.



JCube is positioned to be a leisure and entertainment destination for youth, PMEBs and residents who live and work in the western region of Singapore. It strategizes to set new trends by housing tenants that are new to market brands. (N.A, 2014) On top of that, housing 1 out of 2 Olympic size ice skating rinks in Singapore, as well as the first IMAX theatre, it strives to be one of the most attractive destinations for entertainment. Its target market mainly comprise of youths and active young people who are looking for alternative forms for entertainment. The ice skating rinks and movie theatre are the main draws for young people to patronize the mall.

On JCube's Q2 2014 results year on year, they have dropped in its performance. Its net operating income decreased from \$11.1mil Q2 2013 to \$10.7mil Q2 2014, a decrease of 3.6%. This is mainly caused by a significant increase in operating expense of 8.77%. While there is an increase in expense, it is met by a less than proportionate increase in revenue of 0.59%. Hence, there is a huge room for improvement and JCube would need to innovate in order to stay profitable.

A key challenge faced by JCube in the recent years is the development of 2 new malls around Jurong East MRT station, namely JEM and Westgate Mall. JEM, opened during June 2013, is known to be the 'crown jewel' of Jurong. It is brand as a mall where 'mid to mid-plus shopping meets entertainment; functionality meets experience and where community culture meets city inspiration.' It has 818,000 square feet of retail space, housing 241 stores which is significantly more than that of JCube. It has a huge variety and mix of retail and food options. Most importantly, it is located at the exit of JEM MRT station, making it very accessible for commuters to drop by or people to patronize JEM shopping mall.



The next key competitor is Westgate Mall. Opened in 2 Dec 2013, the integrated retail and office development compromises of a 7-level lifestyle and family shopping mall and a 20-level office tower known as Westgate Tower. With 410,000 square feet of retail space, it houses 196 stores. Its product mix offered will meet the varied needs of shoppers. They include a courtyard where alfresco dining takes place, international/high street fashion, IT and electronics stores, Isetan department store and supermarket, food court and family restaurants. On top of that, it is attractive to families with a themed play area called Westgate Wonderland on Level 4, a gym with swimming pool and a childcare centre as well as Westgate's very own Kids Club at Level 5. Parents can carry out their necessary activities while the kids are well occupied at the play areas, making Westgate a one stop destination for families to go. It is situated directly beside Jurong East MRT, making it very convenient for people to patronize the mall.

As part of the Draft Master Plan 2008, it was announced that Jurong East will be transformed into a unique lakeside destination for business and leisure by 2023. The Jurong Lake District will mainly comprise of 2 complementary precincts: the Jurong Gateway, a vibrant commercial hub, and Lakeside, a waterfront leisure destination. This will be the biggest commercial hub in Singapore. (Cheong, 2008)



The potential for Jurong Lake District is huge. The Jurong Gateway, situated around the Jurong east MRT, will be the biggest commercial hub providing 500,000sqm of office space and 250,000sqm of retail, F&B and entertainment space. With such high accessibility and attractive business environment, it can be expected that companies would be jumping in and setting up their offices in the area. This will lead to an exponential increase in labour population in Jurong. On top of that, there will also be an increase in accommodations such as houses hotels being built in and around Jurong Gateway for more people to live and work in the area. This will mean that there will be more residences in the area.

The Lakeside will transform Jurong East into the next leisure destination for both Singaporeans and tourists. Apart from existing attractions such as Jurong Bird Park, more attractions with an 'edutainment' theme or nature-based attractions leveraging the Jurong lake will be developed. It will be a walking distance away from the Jurong gateway. Such attractions will definitely draw families to have an experience with nature. On top of that, due to its novel concept, it can be expected to draw Singaporeans from other areas to visit for various recreational purposes. There are not many places in Singapore with such a similar offering.

Thus, with these future developments, consumer traffic in the west is expected to increase exponentially. This is promising news for stores and malls in the west.



KEY ISSUES

In the following section, we look at the key issues that JCube faces. To do this, we analyse JCube's performance among other malls, and the SWOT for JCube. Our SWOT analysis also helps to identify key strengths of JCube that we can build on, and weaknesses that JCube has to look out for. These will help to guide our thinking for our recommendations in the next section.

Thus, for this section, we have identified 2 main issues JCube currently faces. Firstly, its confusing layout and lack of product variety. This leads to JCube being outperformed by nearby malls.

Our analysis of JCube's financial performance is done for the recent period of 2013 and 2014. Even though JCube is opened in 2012, we have factored in some time needed for JCube to pick up and stabilize its business prior to its opening. Our analysis is in comparison to malls under CapitaMall's portfolio, the largest property developer in Singapore.

JCube has the second lowest operating income of \$10.7 mil in 2Q 2014 amongst the other malls under the CapitaMall group. It is ahead of Bukit Panjang Plaza that has an operating income of \$8.9 mil (CapitaMall Trust , 2013) , a suburban plaza that is largely inaccessible and have significantly lower shopper's traffic.

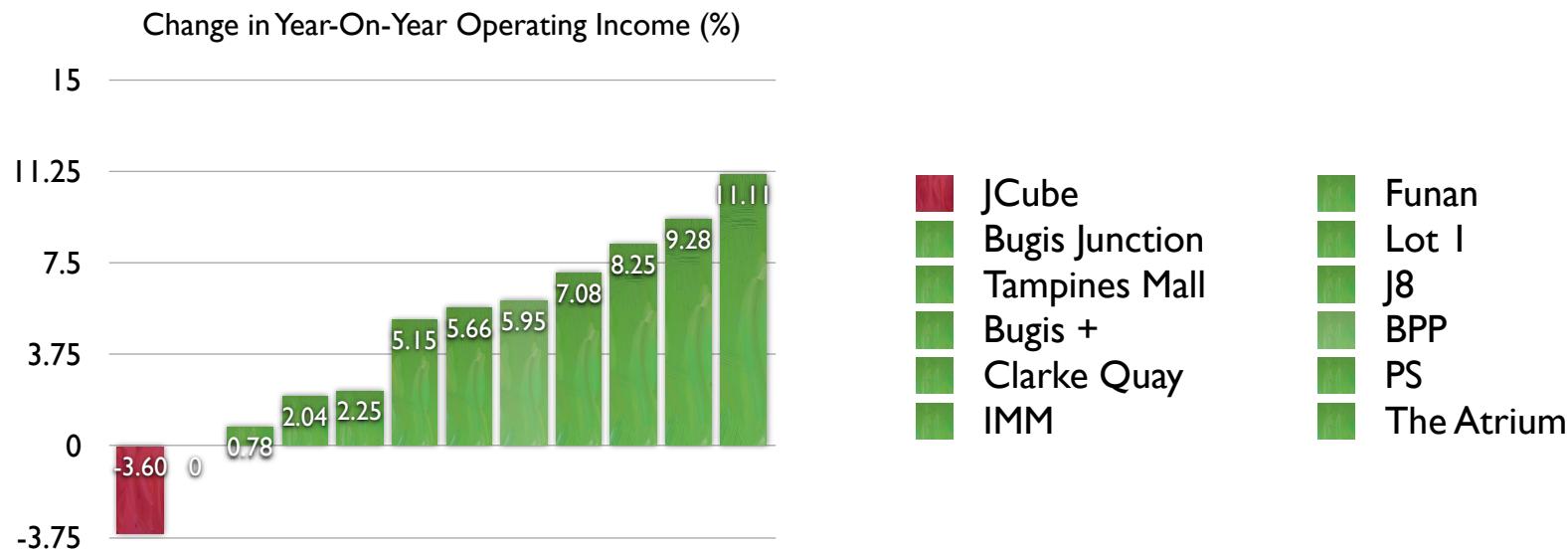


Figure 9

As seen in Figure 9, based on financial performance, JCube is the only mall out of 12 malls to have a decrease in operating income of 3.6% from Q2 2013 to 2014. (CapitaMall Trust , 2013). This can be attributed to an increase in expense within this 2 years of 8.77%, with only a slight increase in it's revenue of 0.60%. (Figure 7 and 8, Appendix II) This means that JCube may not have tight controls over their expenditures.

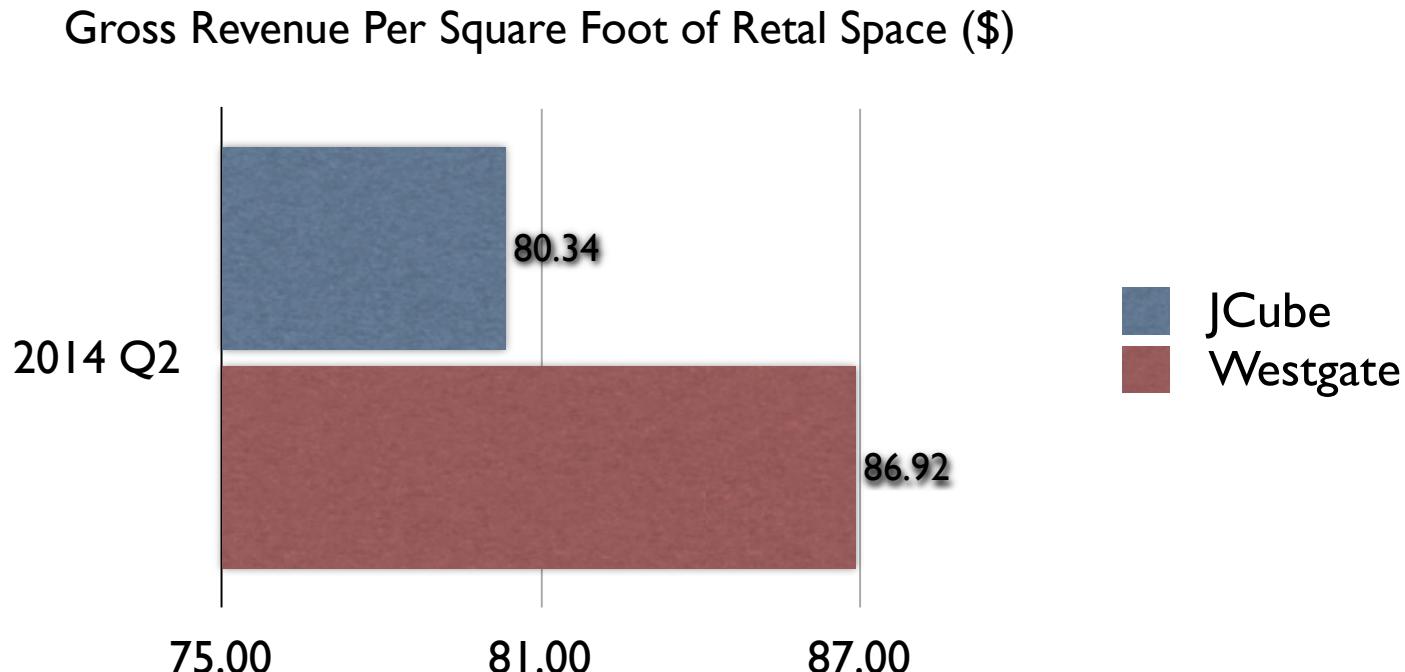


Figure 10

In comparing the gross revenue per square foot of shopping malls, JCube is at \$80.34 psf while Westgate is at \$86.92 psf for the Q2 of 2014, as shown in Figure 10 above. It is evident that Westgate, a direct neighbouring competitor, is doing better financially than JCube.

Lastly, the annual shopper's traffic for JCube in 2013 is the second lowest with 15.2 mil shoppers (CapitaMall Trust , 2013). It is only ahead of Funan, with an annual Shopper traffic of 8.3mil (CapitaMall Trust , 2013). However, Funan is a mall that specializes in IT products and services. It is positioned to attract people with IT needs, as compared to JCube which is a general leisure and entertainment mall. This shows that people are not enticed to visit JCube mall.

Strengths

- Strategic location (Near JE MRT)
- Olympic-sized skating rink
- Mesmerising facade

Weaknesses

- Product mix
- Layout

Threats

- Steep competition with other malls (JEM, Westgate)

Opportunities

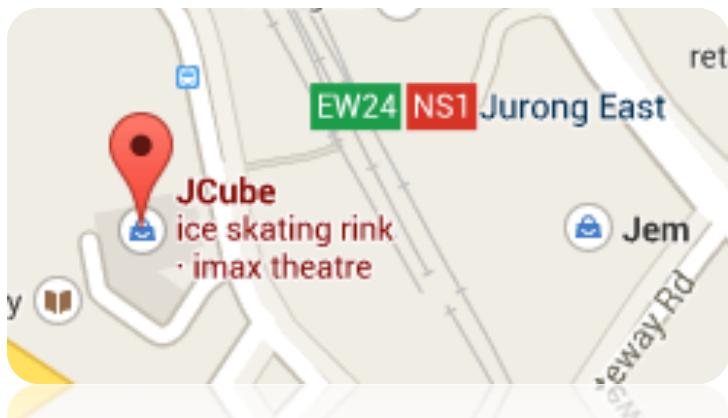
- Development of Jurong

Strengths of JCube:

JCube is strategically located in the midst of a transportation hub at Jurong East. Just across the road from Jurong East MRT and Jurong East Bus Interchange, the area has high commuters' traffic. This makes JCube an ideal shopping mall to stop over for food, shopping and other purposes. With the increasing number of commercial developments in the West, more people can be expected to visit JCube for various purposes. Hence, the strategic location of JCube places it in an advantageous position.

Another strength of JCube is that it houses 1 out of the 2 Olympic-sized ice skating rinks in Singapore, as well as an IMAX theatre. Such entertainment facilities have the potential of becoming the next leisure and entertainment destination for youths, residences, and working adults around the area to visit.

JCube has a mesmerising and unique mall façade. Inspired by ice cubes, it reflects natural light by day and sparkles by night. This makes it highly attractive and alluring for people to patronize it. Also, the position of the mall gives it a high exposure and visibility to its target market, making it easy to reach out to them.

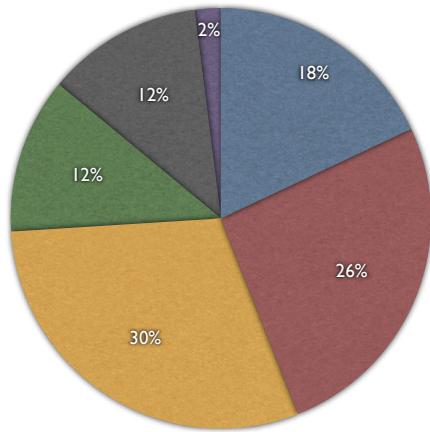


Weaknesses of JCube:

The product mix available for the shoppers is relatively limited. While they try to have a balanced mix, many shoppers complain that JCube has limited options in terms of variety of shops. For example, many of the food shops in JCube are high-end restaurants, and there is a lack of lower priced food options. This is a weakness as they are currently positioned to mainly attract youths.

The impression that the product mix available at JCube is limited is further exacerbated by the layout of JCube. This is because the layout of JCube is largely confusing and not mobile friendly. Many shoppers find it hard to understand the layout of the malls. Navigating around the mall to look for what is needed is hard, and patronizing the shops is not pleasant for windo such, this naturally creates an aversion for pec JCube.

What is the main reason you haven't gone to JCube recently?



- Inconvenient location compared to JEM and Westgate
- Better product mix at surrounding malls
- Poor design of the mall (not shopper friendly)
- Passing through only
- No reason to go to JCube
- Others

Figure 3

Threats to JCube:

Steep competition in the immediate surrounding area is a significant threat to JCube. With the recent developments of JEM and Westgate malls, JCube is 1 out of the 3 malls located around Jurong East Interchange and MRT. On top of that, it is the least accessible mall as compared to JEM or Westgate, which are both situated at, and have connecting walkways to the exit of the MRT. This decreases JCube's shopper traffic considerably, despite the high commuters' traffic at Jurong East. The product mix offered at JEM and Westgate can easily substitute what JCube is offering except for the ice-skating rink. Hence, most people are drawn to Westgate and JEM because of the convenience and wide product mix. Such competition is one of the largest challenges faced by JCube. As seen in Figure 3, many people see Westgate and JEM as a substitute for JCube.



As mentioned earlier, Singapore government has planned to transform Jurong into a vibrant commercial and leisure destination before 2023. Developments will include more homes, offices, hotels and healthcare facilities. As such, JCube will be in a good and strategic position to capture the buzz at the Jurong Lake district. The mall's multi-faceted offerings will be of enjoyable shopping and leisure in Jurong. This opens itself to possibilities and opportunities to capture the increased market size, which can turn its less than ideal financial performance around

The below-par performance of JCube can be attributed to both its internal and external environments. While its position is strategic to capture the many opportunities with the recent and upcoming developments in Jurong, they are cannibalised by the strong competition from its surrounding malls. A less accessible location and an undifferentiated product mix offered in JCube puts it in a major disadvantageous position as compared to its competitors. This is further exacerbated by inherent issues within the mall as well, making it even less competitive. Poor mall layout and a limited product mix makes it less enticing for people to visit and patronize the mall. Despite the unique facilities that the mall possesses, they are not utilized optimally to boost the performance of the mall, as seen from the fact that people still view JEM and Westgate more positively than JCube. (Figure 5, Appendix I)

	JCube	Westgate	JEM
Wide variety of shops that cater to my wants and needs	3.18	3.92	4.28
User-friendly layout of the mall which facilitates user experience	3.22	3.50	3.80
Overall appeal of the mall	3.16	3.76	4.06

Figure 5

Therefore, we have identified the following key issues that we will focus on:

- Poor layout
- Poor product mix

These problems cause us to lose out to our competitors.



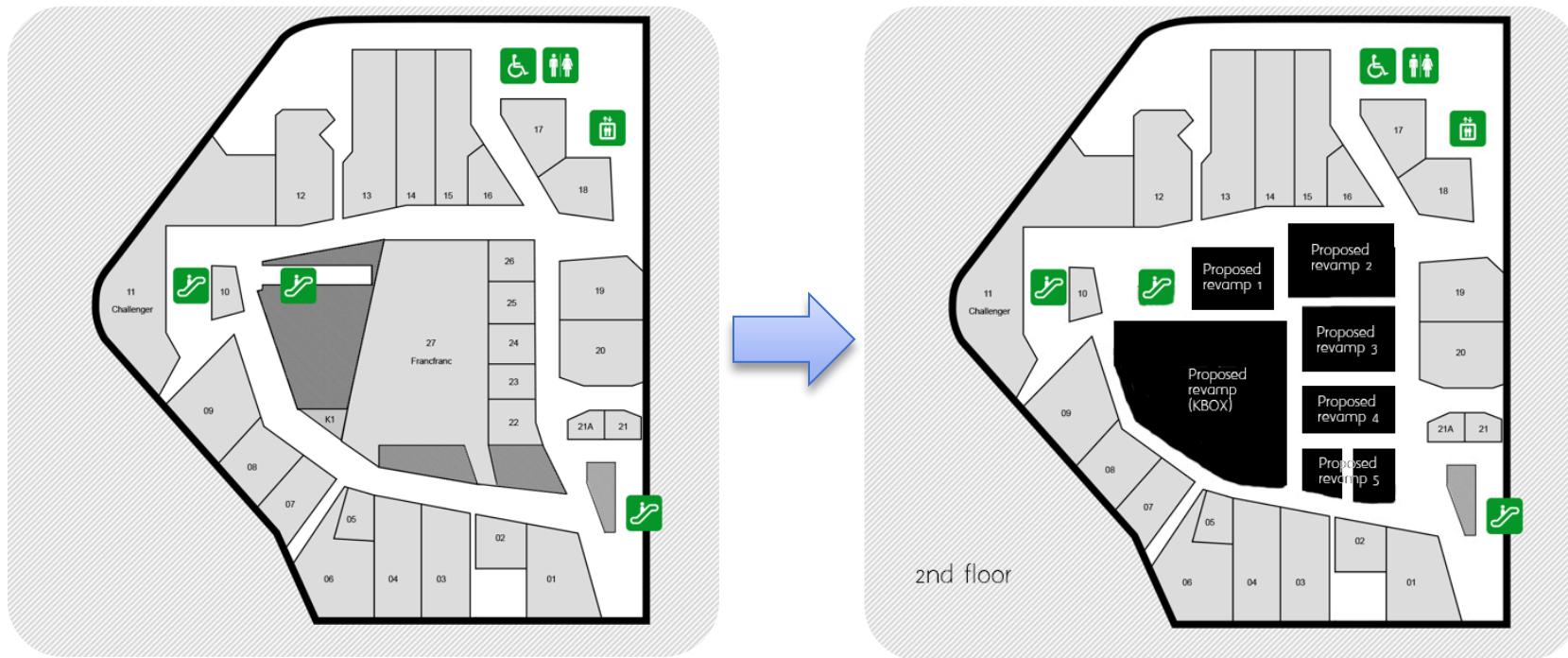
RECOMMENDATIONS

The following recommendations have been made to address the key issues JCube face that impede its profitability: Reconfigure layouts for certain levels, and bring in more tenants. We believe that implementation of these recommendations will help to give JCube the edge that it needs, so as to allow it to compete effectively against its competitors.

Looking at JCube's location, size, and target market, we have identified that their main target market is youths. Thus, to meet the needs of the target market, we plan to improve JCube's entertainment value, offer a wider variety of shops, and make it easier for shoppers to move around the mall.

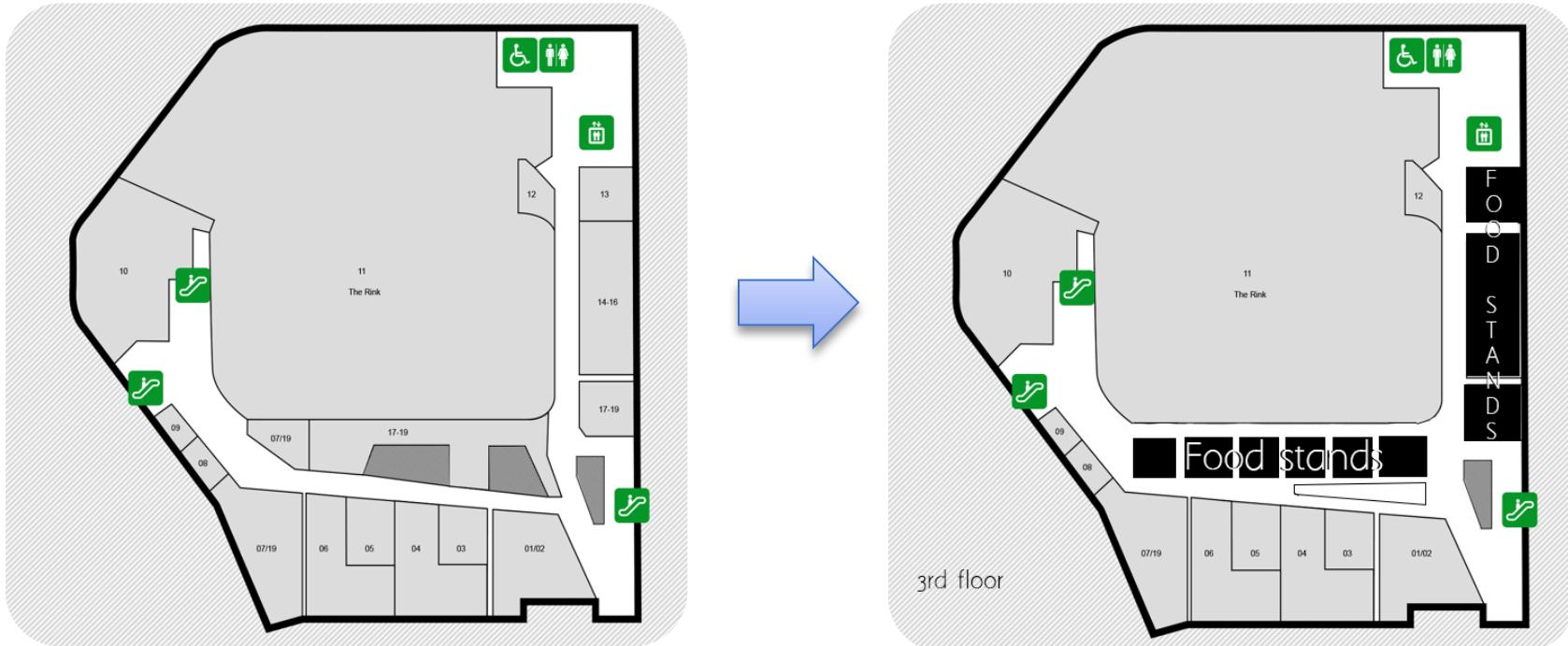
In our solutions, we have taken into consideration JCube's weaknesses and have tried to build up its strengths.

To combat the confusing layout of JCube, and to provide more variety to shoppers, we propose to reconfigure the layout for the 2nd and 3rd floors. This reconfiguring will allow for a greater variety of shops, mainly fashion stalls on level 2 and food stalls on level 3, as well as provide greater access through shops. We have included a basic mockup of our proposed renovations below.



As seen from our mockup, we propose to renovate the central area of level 2. The boxes labeled 'Proposed revamp 1' to 'Proposed revamp 5' will be split into small stalls selling youthful fashion apparels, similar to popular Korean and Japanese shopping districts. This will allow us to accommodate more tenants, increase the variety of stalls available for shoppers, and make it easier for shoppers to move around the floor. The idea of creating a miniature Korean-slash-Japanese shopping district will also give JCube a unique draw point for youths. Level 2 will also be renovated to include an area for an entertainment attraction. We recommend that JCube uses the space for tenants such as Kbox, as we feel that JCube can try to cultivate a 'one-stop entertainment mall' experience. Furthermore, a Kbox need not take up a significant amount of space, leaving JCube free to include other tenants as well.

Similarly, we propose to renovate the 3rd floor, doing away with large, sit-down cafés and restaurants and placing new, small food stalls, reminiscent of street food kiosks, in instead. We feel that this is a feasible idea, as the ice-skating rink and spectator seats would be adjacent to these stalls. This would thus allow for shoppers to purchase food and snacks and watch skaters in the rink, at a reasonable price. Therefore, the implementation of these food kiosks would make it easier for shoppers to browse through shops and enjoy JCube's star attraction, their Olympic-sized skating rink, at the same time.



Since JCube's major tenant has moved out of their 9,300 sq. ft. store at level 2, and the stores affected by the proposed renovations on level 2 and 3 are small stores, we suggest that renovation on both floors should be carried out concurrently. This should be beneficial to JCube as the overall time of renovation would be shorter.

Thus, all of this would serve to make JCube a more attractive venue for shoppers. With these improvements JCube can step out from the shadows of its competitors, as they can offer a more unique experience and greater variety to their shoppers.



CONCLUSION

JCube has immense potential to compete effectively against other malls such as JEM and Westgate. Their convenient location (near Jurong East Interchange), unique selling point (one of only two Olympic sized skating rinks), and respectable size, all puts JCube in an excellent starting position. With our recommendations tackling their problems of being too ‘uninteresting’ in their product mix and ‘confusing’ in their layout for shoppers, we feel that JCube can significantly improve its revenue and performance and stand out among their competitors.



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APPENDIX

Survey Questionnaire

What age group do you belong to? *

- 16 and below
- 17-25
- 26-35
- 36-45
- 46-55
- 56 and above

Occupation: *

- Student
- Working Adult
- Homemaker
- Other:

Which area of Singapore do you live in? *

- East (Macpherson, Marine Parade, Changi, Bedok)
- West (Clementi, Jurong, Choa Chu Kang, Bukit Batok)
- North (Yio Chu Kang, Kranji, Woodlands, Yishun)
- South (Keppel, Mount Faber, Sentosa, Telok Blangah)
- Central (Orchard, Toa Payoh, Bukit Timah, Newton)

Survey Questionnaire

How often have you visited JCube in the last 3 months *

- Haven't been there in last 3 months
- Less than once a month
- Once a month
- Twice a month
- Once a week
- Other:

What is the main reason for your above answer? *

(e.g. I haven't been there in the last 3 months because it is inconvenient/I have gone there often because I enjoy the mix of shops/I passed through JCube on my way to another place/ I just hang out and don't go into the shops much)

Which shops/places do you usually visit in JCube? *

(List the top 3)

Survey Questionnaire

Who do you go to JCube most often with? *

Friends

Family

Other:

The shops are of wide variety and cater to my wants and needs (Mix of shops) *

To what extent do you agree with the following statements about the JCUBE?

1 2 3 4 5 6 7

Absolutely Disagree Absolutely Agree

The shops are of wide variety and cater to my wants and needs (Mix of shops) *

To what extent do you agree with the following statements about the WESTGATE MALL?

1 2 3 4 5 6 7

Absolutely Disagree Absolutely Agree

The shops are of wide variety and cater to my wants and needs (Mix of shops) *

To what extent do you agree with the following statements about the JEM?

1 2 3 4 5 6 7

Absolutely Disagree Absolutely Agree

Survey Questionnaire

The layout makes it easy to move around, encourages me to move around the mall *

To what extent do you agree with the following statements about the JCUBE?

1 2 3 4 5 6 7

Absolutely Disagree Absolutely Agree

The layout makes it easy to move around, encourages me to move around the mall *

To what extent do you agree with the following statements about the WESTGATE MALL?

1 2 3 4 5 6 7

Absolutely Disagree Absolutely Agree

The layout makes it easy to move around, encourages me to move around the mall *

To what extent do you agree with the following statements about the JEM?

1 2 3 4 5 6 7

Absolutely Disagree Absolutely Agree

The mall is fun and interesting to me *

To what extent do you agree with the following statements about the JCUBE?

1 2 3 4 5 6 7

Absolutely Disagree Absolutely Agree

Survey Questionnaire

The mall is fun and interesting to me *

To what extent do you agree with the following statements about the WESTGATE MALL?

1 2 3 4 5 6 7

Absolutely Disagree Absolutely Agree

The mall is fun and interesting to me *

To what extent do you agree with the following statements about the JEM?

1 2 3 4 5 6 7

Absolutely Disagree Absolutely Agree

Looking at JCube, Westgate Mall and JEM, please rank your favourite shopping mall to your least favourite mall: *

(1: Favourite Mall, 3: Least favourite)

Survey Questionnaire

Assume that JCube will be renovated to have a more streamlined layout. The 'new' JCube will be retaining the main attractions i.e. ice-skating ring, movie theatre and supermarket as well as bringing in new tenants.*

Would the above changes encourage you to go to JCube more often?

- Yes
- No

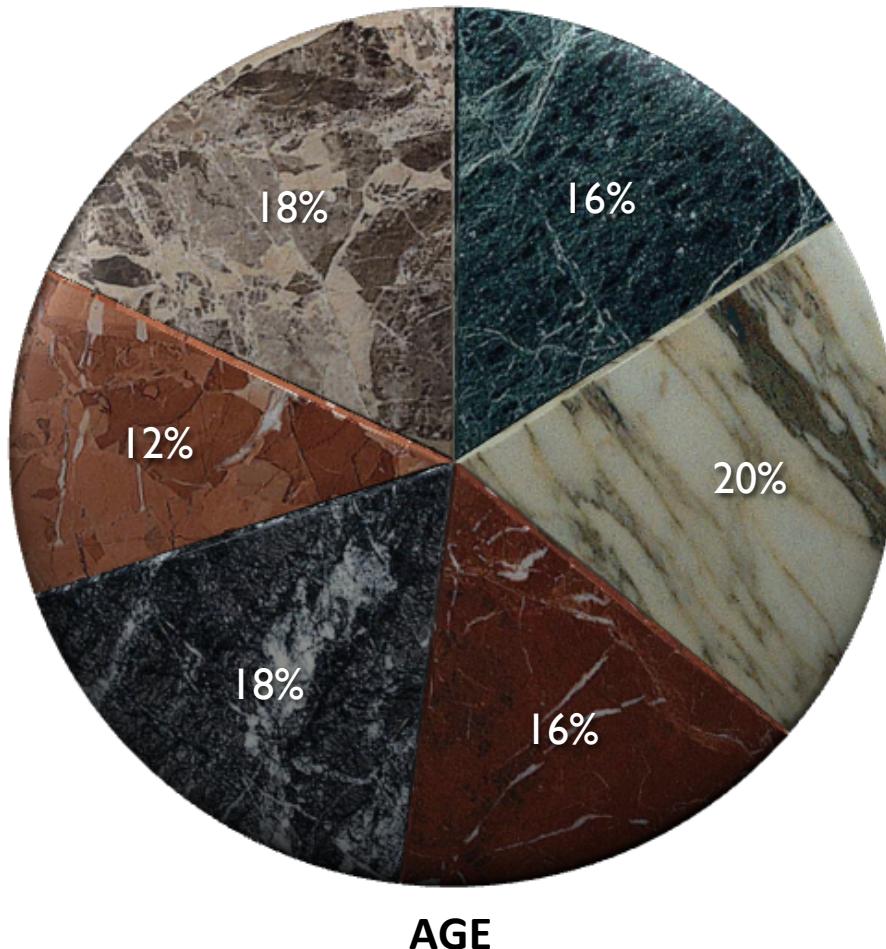
What new attractions would draw you to visit JCube more often?

(Any example you can think of, e.g more restaurants, less fast food places, bowling alley, kbox etc)

Survey Answers: Figure 1

Total respondents: 50

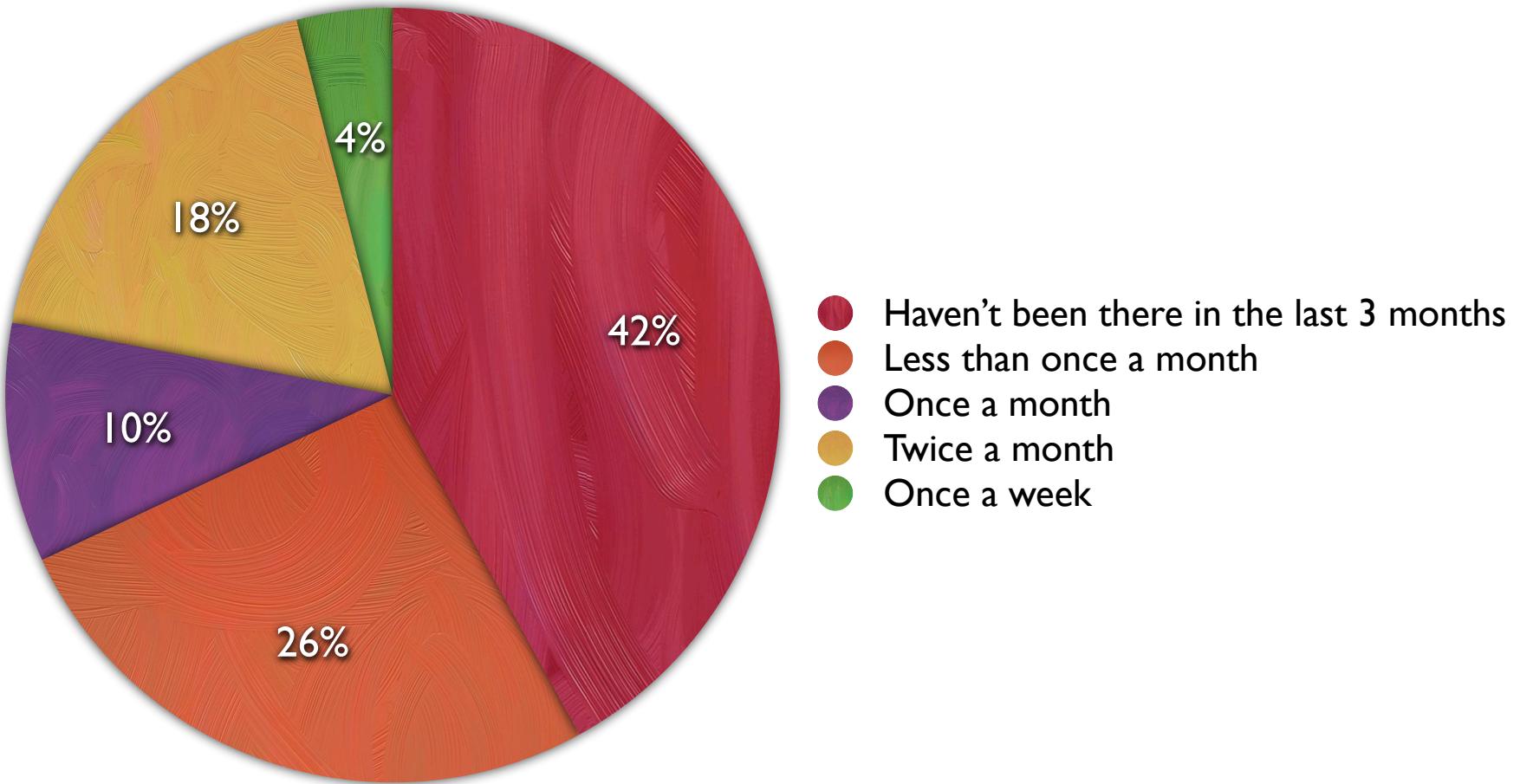
- 16 and below
- 46-55
- 17-25
- 56 and above
- 26-35
- 36-45



Survey Answers: Figure 2

Total respondents: 50

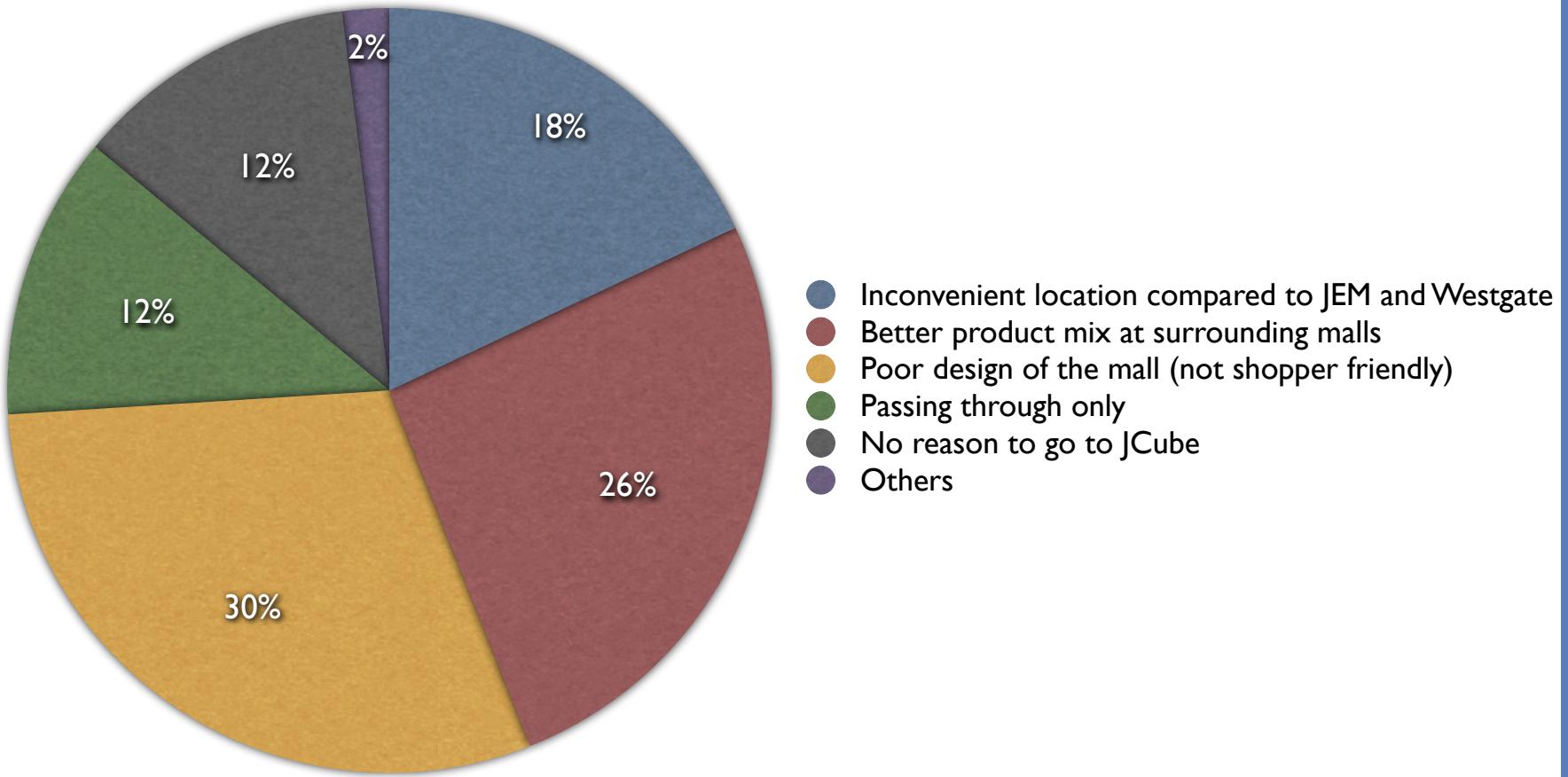
Q: How often have you visited JCube in the last 3 months



Survey Answers: Figure 3

Total respondents: 50

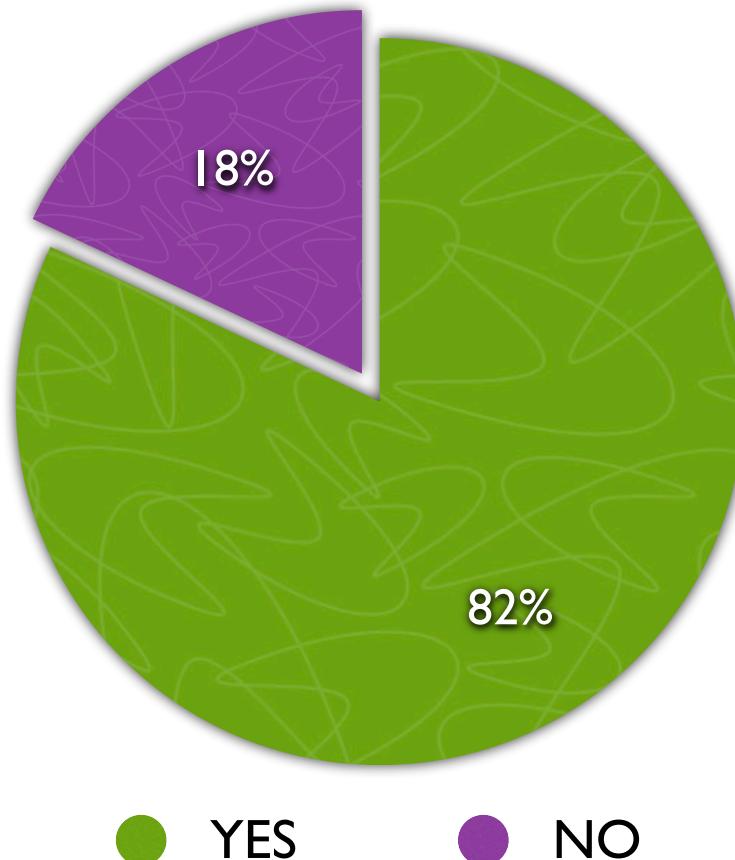
Q: What is the main reason for the above answer?



Survey Answers: Figure 4

Total respondents: 50

Q: Assume that JCube will be renovated to have a more streamlined layout. The 'new' JCube will be retaining the main attractions i.e. ice-skating ring, movie theatre and supermarket as well as bringing in new tenants. (Would the above changes encourage you to go to JCube more often?)



Survey Answers: Figure 5

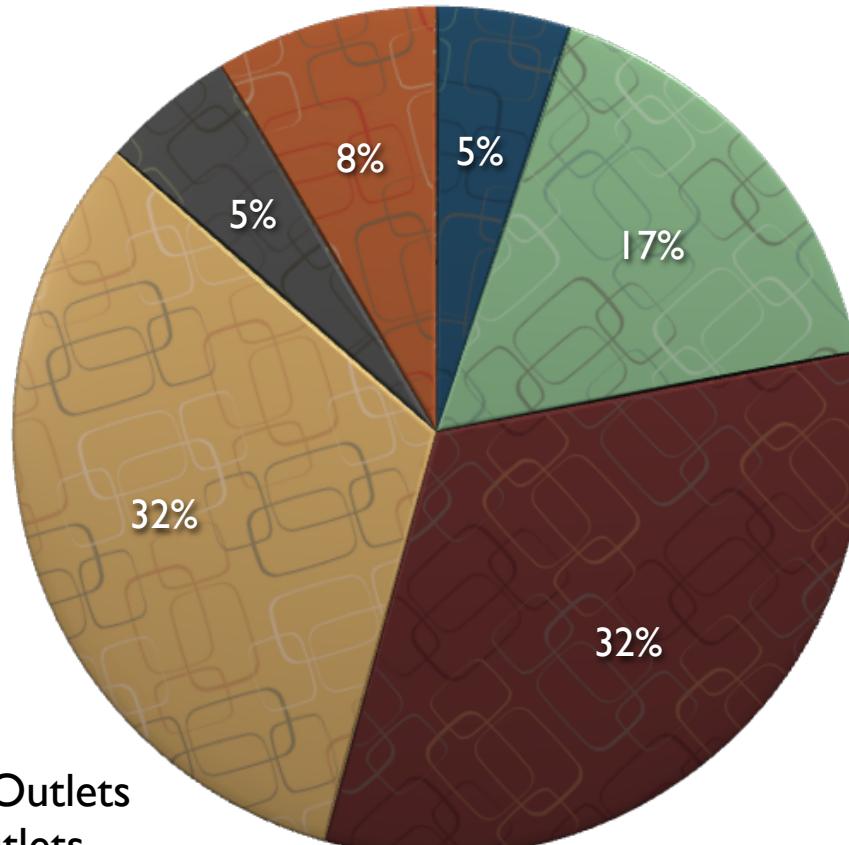
Total respondents: 50

	JCube	Westgate	JEM
Wide variety of shops that cater to my wants and needs	3.18	3.92	4.28
User-friendly layout of the mall which facilitates user experience	3.22	3.50	3.80
Overall appeal of the mall	3.16	3.76	4.06

Survey Answers: Figure 6

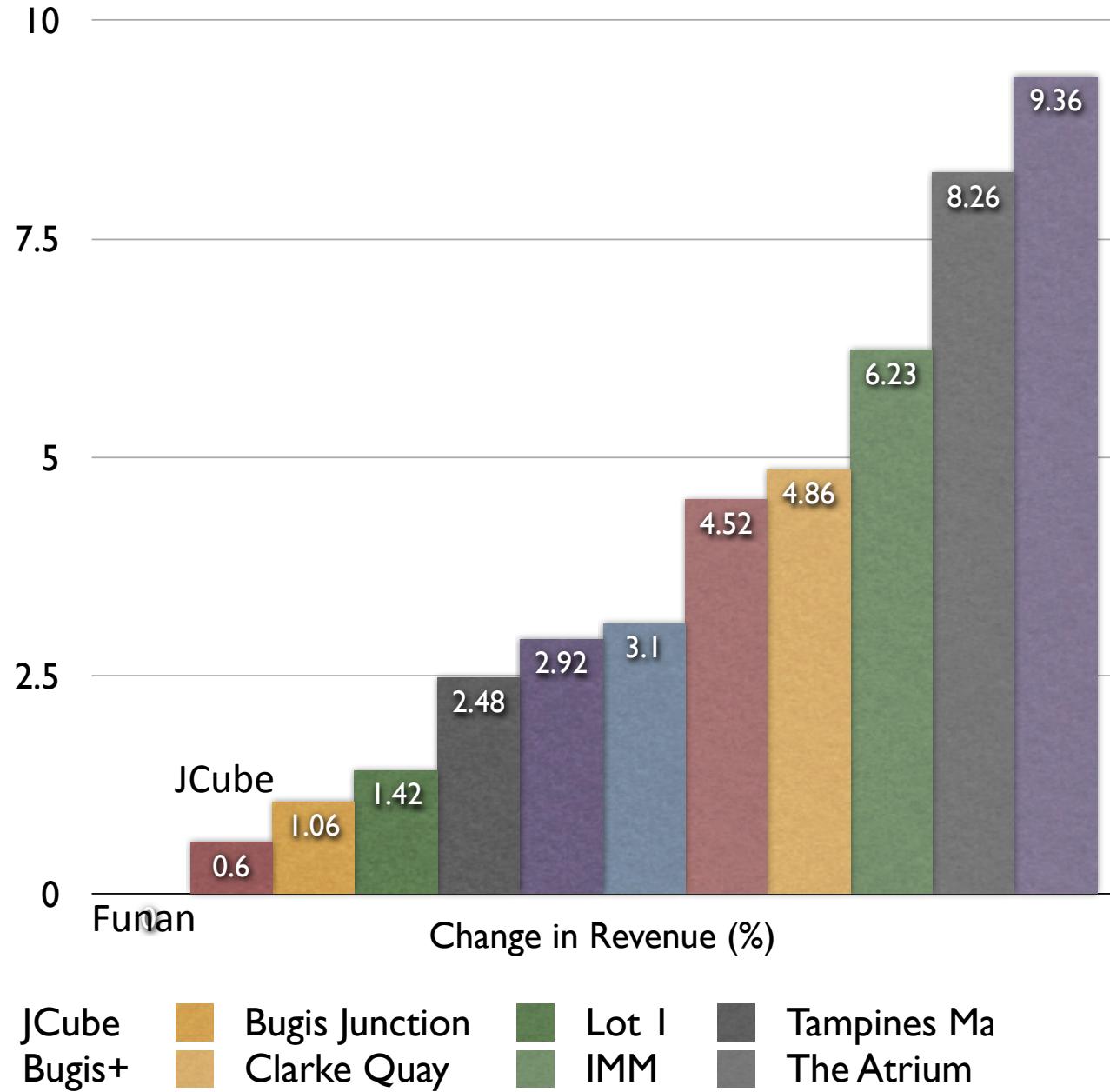
Total respondents: 50

What new attractions would draw you to visit JCube more often?

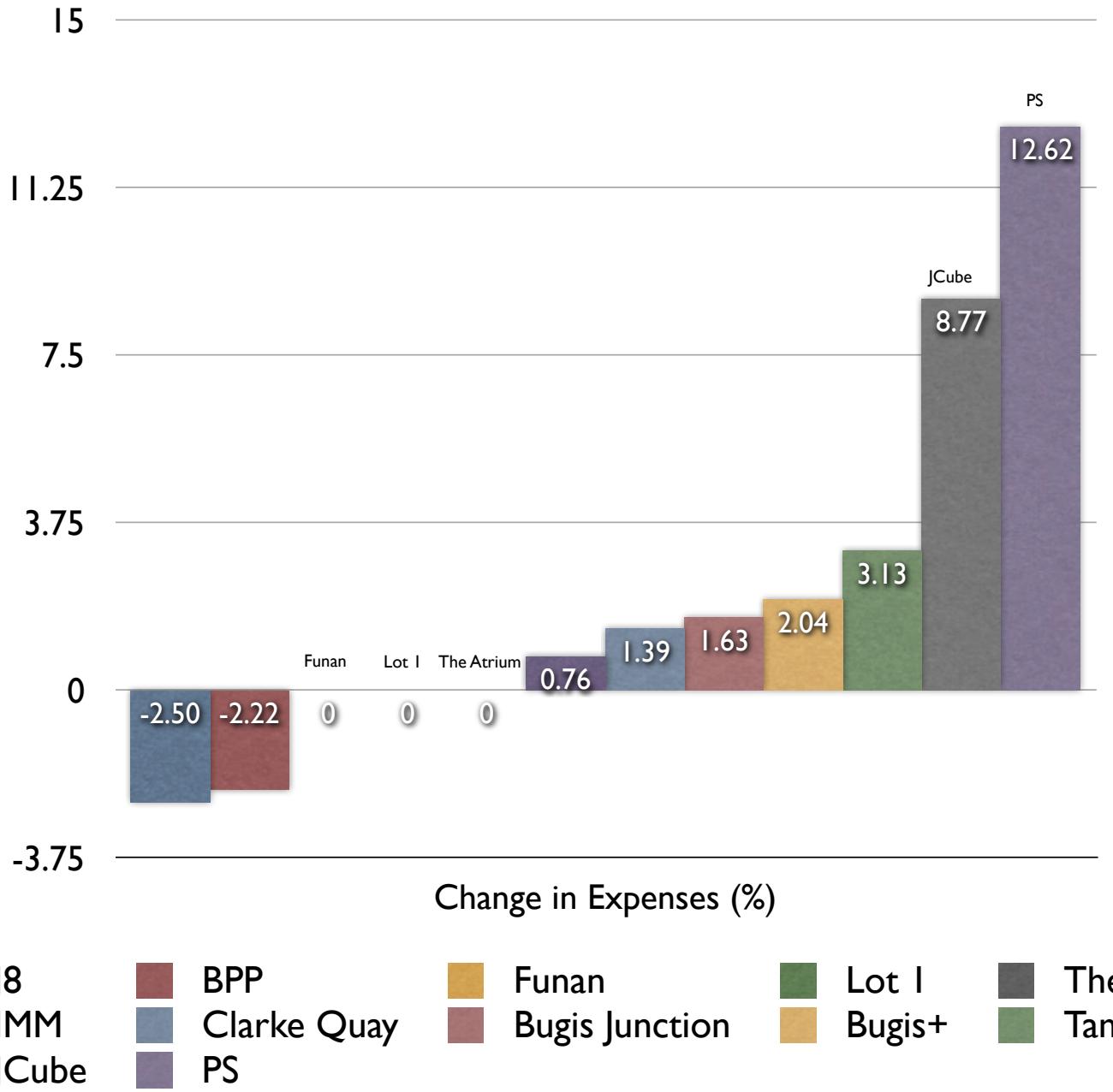


- Lifestyle Outlets
- Retail Outlets
- Entertainment Outlets
- F&B Outlets
- Others (Outdoor Activities Area, Pet Park, Areas to “Chill”, Free Parking)
- NIL

Change in Revenue (CapitaMalls): Figure 7

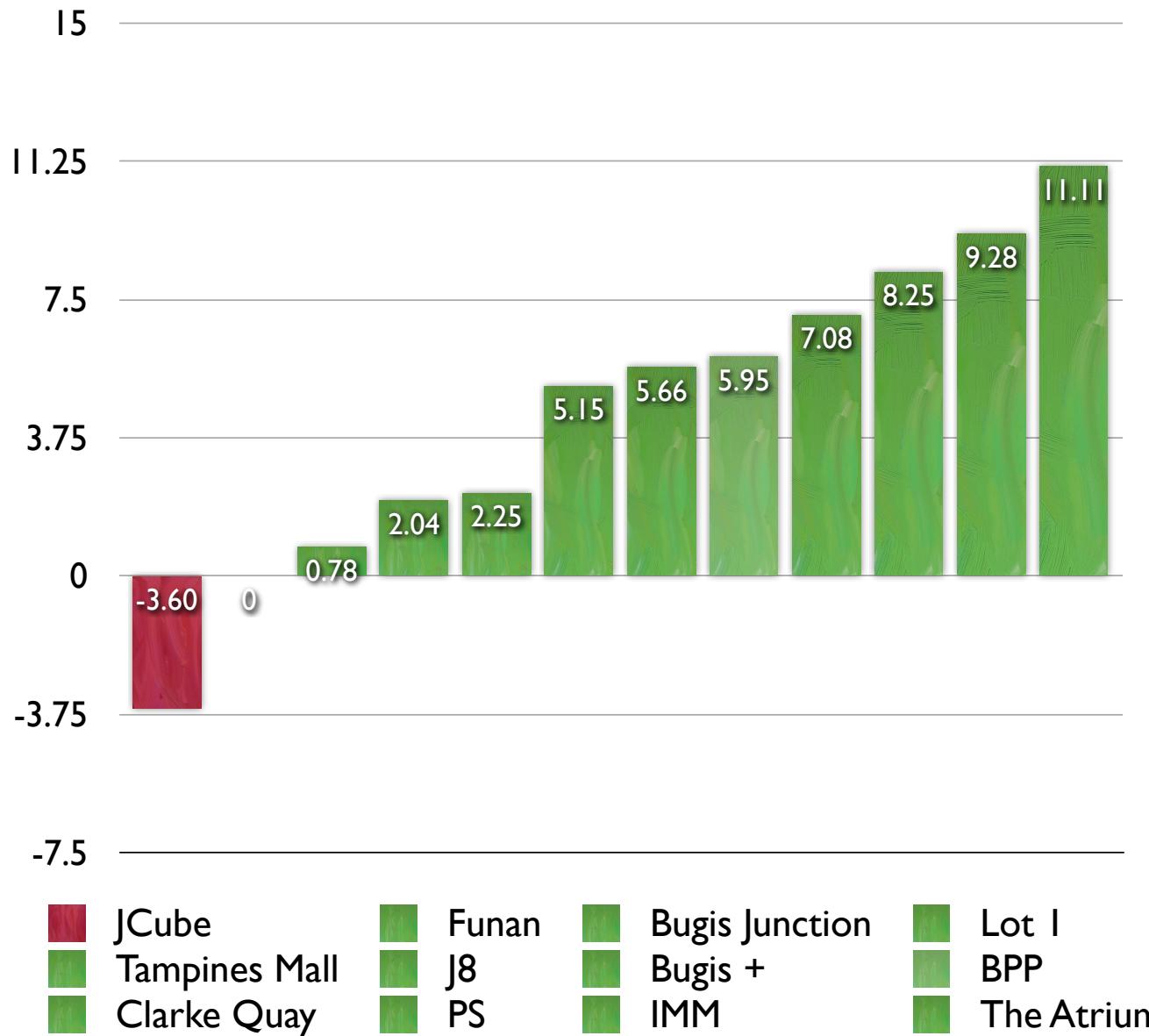


Change in Expenses (CapitaMalls): Figure 8

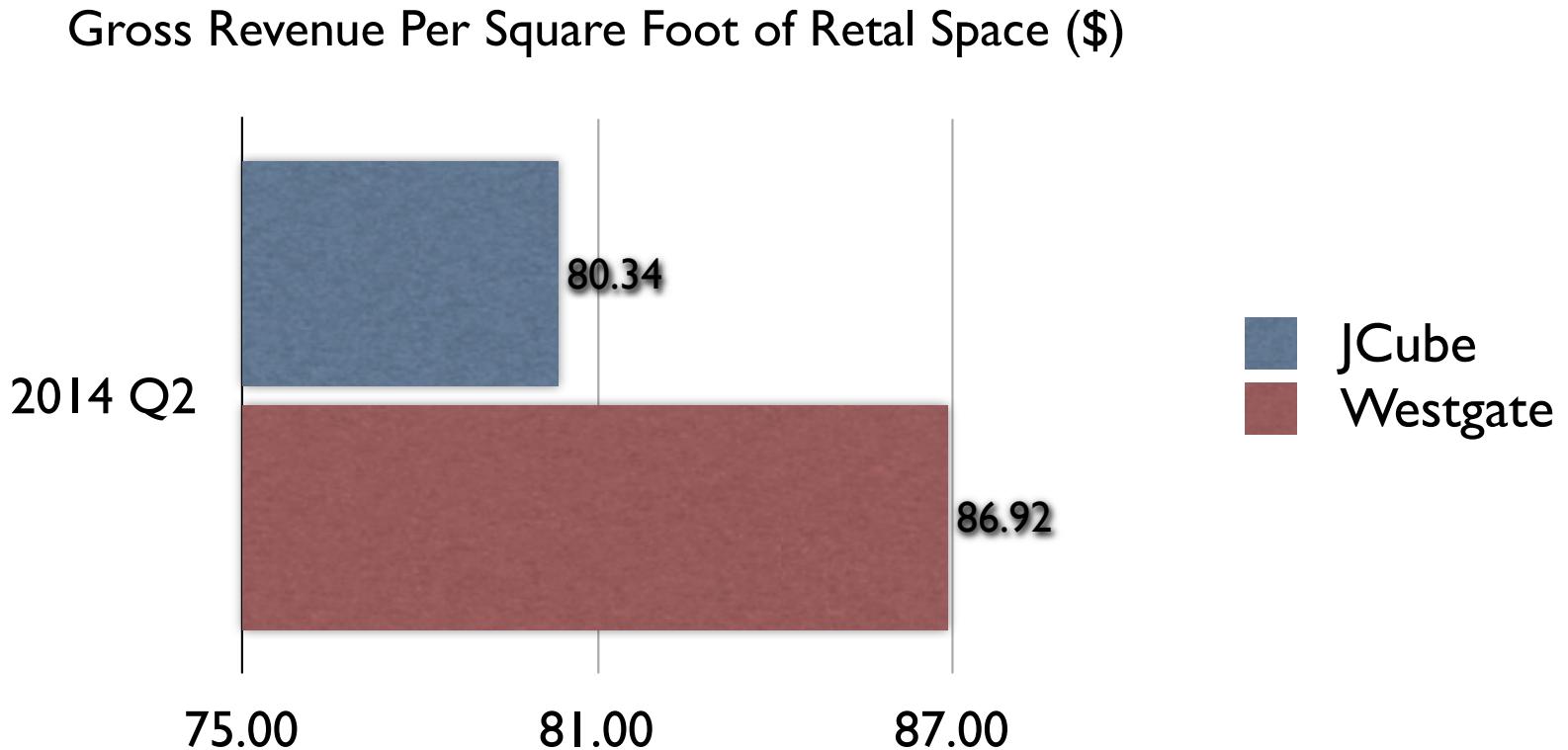


Change in Operating Income (CapitaMalls): Figure 9

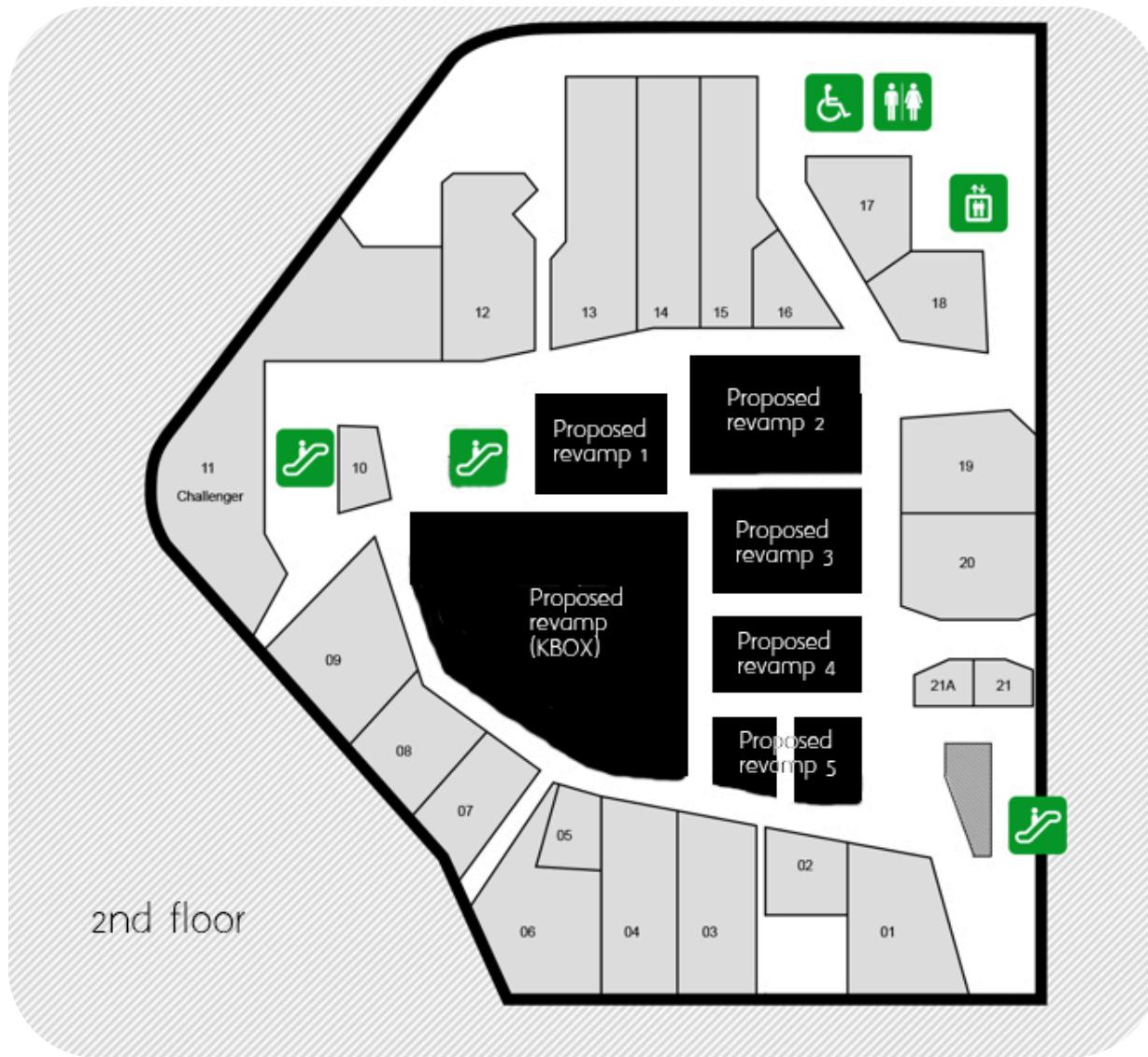
Change in Year-On-Year Operating Income (%)



2014 Gross Revenue for JCube and Westgate: Figure 10



Proposed renovations (Close up)



Proposed renovations (Close-up)

