

Four Features Setting SKM Park Apart

January 27, 2022 - *Global Views Magazine*

Shin Kong Mitsukoshi (SKM) has made its first foray into the outlet business by transforming the former Taroko Park into SKM Park, which not only has international retail brands, lifestyle stores, and food and entertainment facilities, but also generously offers year-round discounts starting from at least 30% off, providing a one-stop shopping experience for all customers. What are the challenges for SKM to move from department store to outlet? And what new experiences will SKM Park bring to consumers?

Walking into SKM Park next to Kaohsiung Metro Caoya Station, the bright Kaohsiung sun is shining into the main entrance, which features large hot air balloon displays. The Californian-style Shopping Boulevard with its palm trees and a wide selection of retail stores can easily make visitors feel like being on an exotic vacation.

This is the first time that SKM has ventured into the outlet business, transforming the former Taroko Park into the new SKM Park, which had its Soft Opening on January 26. SKM Park introduces 220 stores, including 50 exclusive brands, with 60% retail shopping and 40% entertainment and food and beverage services, providing a one-stop shopping experience for all ages of customers.

SKM Park is helmed by SKM Vice Chairman Michael Wu, with professional support from The Outlet! Company (TOC), an experienced outlet consulting agency that helped kickstart Phase I of Gloria Outlets. SKM Park has also inherited the entertainment facilities. It is expected that 7 million visitors will visit SKM Park and the annual sales will be NT\$5 billion, which is a 60% growth compared to the Taroko Park's previous annual revenue of about NT\$3 billion.

SKM, Taiwan's leading department store operator is making its debut in the outlet market, and many are curious if the outlet model goes against SKM's main department store business model.

"Some people asked me," said Wu, "what the difference is between SKM Park and a department store? And my answer is always that SKM Park insists on being a real outlet shopping center with real discounts." The SKM Park management team has identified four key differentiators that differentiate SKM Park from department stores, and is confident that SKM Park can make a name for itself in Southern Taiwan.

Differentiator 1: Average Discounted Price 70% Off All Year Round

SKM Park's first advantage over department stores is that it offers the "lowest price in the city," which is cheaper than department stores in the city and more convenient than outlet centers in the suburban area.

When SKM Park signs a contract with a brand, it requires the brand to offer at least 35% discount. Some vendors even give 80% or 90% discount, with the average at around 70% discount. The daily task of the leasing team is to "check the price" to make sure that the proper discounts are offered throughout the shopping center.

SKM Park is located in southern Kaohsiung city. It is very close to Kaohsiung International Airport, and is immediately accessible from the Kaohsiung Metro system. SKM Park has advantages over E-DA Outlets which, although is also located in the greater Kaohsiung area, is actually very far away from the city center. Compared to traditional retail department stores such as Dream Mall and Hanshin that are located closer to city center, SKM Park has the advantage of offering discounts that customers can enjoy.

Steven Huang, Operations Director of SKM Park, is confident that these two major advantages are expected to attract visitors from as far as the south of Chiayi, as well as international visitors in the future. "Many consumers in south Taiwan used to take the high-speed rail to Gloria Outlets in Taoyuan, but with SKM Park, they can shop at the outlet nearby!"

Differentiator 2: Offering Discounts That Make Luxury Products Accessible

The second differentiating point of SKM Park is that it has a wide range of brands at an affordable price, bringing in consumers who would normally not shop for luxury products.

The key to the success of an outlet shopping center, according to Huang, is "a wide range of brands." SKM Park has introduced brands of different price ranges in different categories to meet the needs of men, women, and children. "These products should include designer fashion, luxury, and general leisure brands so that the whole family can have fun shopping," said Huang.

For example, SKM Park has the largest Adidas, Nike, and Puma outlet shops in Taiwan for sports brands. SKM Park also has Coach, Montblanc, Brooks Brothers, and Max Mara for international luxury, and WMF and Le Creuset for high-end home furnishings. For exclusive shops in SKM Park, there are Leica and Callaway Golf.

Although there is no shortage of these brands in department stores, the outlet prices are affordable and accessible to customers. "Many people who are afraid to walk in a luxury store in department stores feel very comfortable to step into one in SKM Park," according to Huang.

Allowing luxury brands to be more accessible to consumers is also great for the department stores. When they return to the department store, consumers may feel less distant from the luxury brands because of their experience in the outlet, and this benefits the department store business.

Differentiator 3: Integrating Leisure and Entertainment to Create Surprises

The third advantage of SKM Park is the outdoor entertainment facilities and a good mix of lifestyle stores, making the overall shopping experience pleasant and full of surprises.

SKM Park has the original Taroko Park entertainment facilities such as Suzuka Circuit Park, where visitors can play outdoor go-karts, and Taroko Batting Cage, where visitors can practice baseball. SKM Park has also introduced HTC's Viveland VR Park, a new type of business that SKM is incorporating into its shopping centers.

SKM Park also has lifestyle experience stores, such as Sew So Fun, a sewing workshop center by the sewing machine brand Brother; Mood Light Hair Salon, which combines projection technology to bring customers an immersive experience; and Lively Foot Massage Hall, a professional massage center. These stores complement the overall shopping experience.

In addition, instead of grouping one type of business on the same floor, like in a department store, SKM Park deliberately mixes stores of different business types, such as opening a cafe next to a luxury brand, to create a fun, treasure-hunting experience. Blade signs are also designed so that customers can see many brands at a glance.

"We want our customers to stay for as long as possible and enjoy the shopping experience," said Huang. He also jokingly said that the "boyfriend/husband deposit area" commonly found in department stores is not necessary at SKM Park since everyone can enjoy their time here.

Differentiator 4: Catering to Pet Owners and Foodies

SKM Park's last differentiation strategy from department stores is to target pet owners and foodies, catering to Taiwan's changing social structure and consumer habits.

SKM Park strives to offer a pet-friendly environment by providing a pet stroller rental service and an outdoor area where pets can be out of strollers, as well as arranging self-service excrement clean-up bins.

In addition, the management team found that the average time Taiwanese spend at the outlet is two hours longer than in Japan, and it's mainly because Taiwanese customers normally eat before they start shopping.

To this end, SKM Park has specially thought about food and beverage tenants and has exclusively introduced Master Spicy Noodle (Kaohsiung exclusive) and the new Taiwanese-style marinated food of J&G Friend Chicken, giving customers new and exciting food and beverage options.

Source: <https://www.gvm.com.tw/article/86665>