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Retail Food Sector

Singapore Retail Food Sector 2007

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Report Highlights:

Singapore is highly dependent on imports for its food and beverages. It has a sizeable food retail market that is almost wholly supplied by imported products. Trade sources estimate that total retail sales for food and beverage products amount to almost US\$ 5 billion today.

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1. Singapore in profile

Singapore is one of the most affluent nations in Asia with a GDP per-capita of US\$29,474 in 2006. Singapore's economy is based mainly on its export manufacturing sector, financial sector and business service sector. In 2006, the economy grew rapidly by 7.9%, showing a significant improvement compared to 4.2% in 2002. Most economic commentators forecasts Singapore's economy to grow between 6% to 7.5% in 2007 and 2008.

Singapore has a population of around 4.5 million, including 0.88 million non-residents. Over 95.5% of the working population is gainfully employed, around 91% of the households own their property and over 55% of the households live an increasingly well-informed and sophisticated lifestyle quite similar to the middle income households of the developed world. In essence, Singapore can be considered a city state made up of largely middle income households leading a relatively comfortable lifestyle. Today, Singaporeans continue to represents a sizeable pool of active consumers who will continue to drive increased consumption of imported food and beverages into the future.

2. Food retail market summary

Singapore is highly dependent on imports for its food and beverages. It has a sizeable food retail market that is almost wholly supplied by imported products. Trade sources estimate that total retail sales for food and beverage products amount to almost US\$ 5 billion today.

The Table below provides an overview of the size of the import market for food and beverage products.

Imports of Food and Beverage Products (US\$ million)					
	2002	2003	2004	2005	2006
Meat & meat preparations	289	324	359	386	422
Fish & fish preparations	363	489	587	573	575
Dairy products & eggs	293	364	472	575	599
Edible vegetables	208	207	208	234	250
Edible fruits	263	300	294	304	319
Coffee, tea, mate & spices	163	202	215	177	197
Processed meat, fish & seafood	192	194	204	235	232
Sugar & sugar preparations	142	152	141	172	215
Processed cocoa products	126	230	203	200	246
Processed cereal products	159	170	178	196	2520
Processed vegetables and fruits	138	161	164	164	166
Miscellaneous processed foods	258	289	338	366	390
Beverages	502	579	763	946	1,128
Total	3,096	3,661	4,126	4,528	7,259
Source: Department of Statistics					

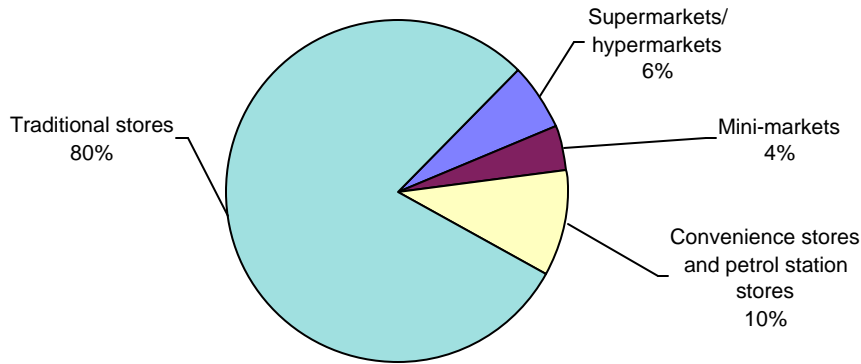
Singapore imported US\$ 7.2 billion of food and beverage products in 2006. Food imports have been growing on an average of over 10% per annum over the past few years. Trade sources comment that imports of food products will likely continue to grow over the next five years.

Singapore has a rapidly shrinking food manufacturing industry today. The industry is mainly involved in the manufacture of alcoholic and non-alcoholic beverages, processed meat products, chocolate and snacks, baked products and other cooked food preparations. No information is readily available about the size of the industry today because the government does not release any official information about the size of this industry. Trade sources estimate the industry's total output to be less than US\$ 1 billion.

2.1 Singapore's food retail sector in overview

The food retail sector continues to remain fragmented today, with around 80% being made up of small retailers operating in dry markets, provision shops and non-air conditioned sundry shops. The Chart below shows the structure of the food retail sector today.

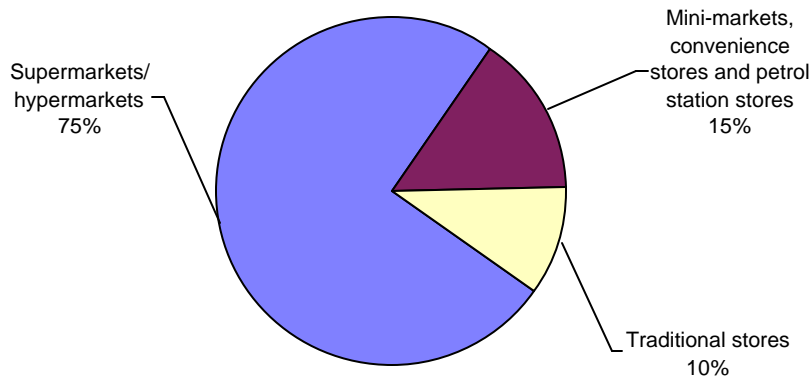
Structure of Food Retail Sector Today



Source: Trade sources

It should be noted that supermarkets and hypermarkets dominate the retail food sector, commanding around 75% of the total market share. The Chart below shows the estimated market shares by store types in the food retail sector today.

Estimated Market Shares in the Food Retail Sector Today



Source: Trade estimates

Singapore's food retail sector is made up of:

1. **Large food retail stores such as supermarkets, hypermarkets and department stores**

This sub-sector dominates the food retail market today, commanding around 75% of the total market share. Trade sources comment that the sub-sector has been growing at about 4% per annum over the past five years and indicated that this sub-sector is likely to continue to grow at around 5% per annum over the next three to five years.

The majority of the supermarkets and hypermarkets are operated by NTUC FairPrice (FairPrice) and the Cold Storage Group. The operators active in this sub-sector include:

- FairPrice which is the market leader in food retailing today. It operates hypermarket, supermarkets, convenience stores and patrol station stores. Their stores are located all over Singapore and have achieved very wide and deep distribution reach in Singapore. They target Singaporean consumers from all income groups. Certain up-market stores located in high end areas also target the high-income western and Asian expatriate consumers.
- The Cold Storage Group which is the second largest food retailer in Singapore. It operates hypermarkets, supermarkets and convenience stores. They target the middle to high income shoppers as well as high income expatriates residing in Singapore. Cold Storage is perceived by shoppers as a store that targets the middle to high income shoppers as well as western expatriates. Most of their stores are located in middle to high income areas. However, the group's *Shop N Save* stores target the price sensitive shoppers and these outlets are generally located in the upper-low to middle income neighborhoods.
- Sheng Siong which carries a fairly sizeable level of imported western food and drinks products. This chain operates 20 retail outlets located in the heartlands of Singapore. They target the mass market and also carry mostly Asian products that are demanded by local shoppers. Sheng Siong competes largely on price and is comparable to Wal-Mart in the 1960s.

Singapore has a handful of department stores that also have significantly large food and beverage sections within the stores. These include:

- Mustafa which is the largest department store located in Little India. It targets local consumers, expatriates and tourists. Trade sources comment that tourists make up about 40% of its customer base. Its supermarket carries a very wide range of local and imported food and drinks products, largely from India as well as the rest of Asia, Australia, the United States of America, United Kingdom, other parts of Europe, Canada and South Africa.

The store carries a wide range of imported food products such as dairy products, coffee, tea, sauces and seasonings, confectionery and snacks, dairy products, biscuits and cakes, honey, breakfast cereals, pickles, mustard and other condiments, soups, jams and spreads and alike. It prides itself as being the only store in Singapore that carries the widest selection of imported chocolate and chocolate confectionery.

- Isetan has an outlet located in the main shopping street with a full scale supermarket that carries mainly Japanese food products as well as a wide range of the more popular local and imported western food products. Western food products are mainly imported from the United States of America, Australia, France, Denmark, Sweden, Switzerland and the United Kingdom. Although this store targets the sizeable Japanese expatriate community in Singapore, they also service a sizeable Singaporean consumer base that patronizes their stores.

It is important to note that the store outlets which target the middle to high income Singaporeans and expatriates carry more varieties and higher volumes of imported products from western countries such as Australia, the USA, Canada, France, the United Kingdom and other parts of Europe and New Zealand. Such products would include fresh produce such as chilled pork, beef and lamb, fresh temperate fruits and vegetables, chilled cold water fish such as salmon and sole, frozen chicken and chicken parts, frozen vegetables, sausages, delicatessen meats, pastry and pies, wide range of dairy products, high end biscuits and

cookies, confectionery such as premium/branded chocolates and candies, potato based snacks, canned fruits, canned soups, canned meat, breakfast cereals, pasta, sauces, dressings, ready meals (frozen), home bakery ingredients, fruit juices, jams and jellies, peanut butter, non-alcoholic beverages and wines, beer and other alcoholic beverages.

In addition, supermarkets such as Cold Storage and FairPrice carry products under their house/retailer brands which may be priced at 15% or more lower than comparable products, to attract the price conscious customers from the lower to middle income group. These companies prefer to buy directly from suppliers and manufacturers, thereby cutting out the distributors' and importers' costs and passing on the cost savings back to their customers.

These large retail stores also offer additional services such as in-store bakeries, wine corners, health food corners, counters serving ready-to-consume meals and food service areas to attract more customers to their stores. During festive seasons, they also offer ready cooked products such as roast pork or roast duck for Chinese New Year and roast turkey, roast beef or lamb and other delicatessen meat or ham as well as specialty baked products for Christmas. Other services include on-line internet shopping as well as home deliveries. All the conveniences offered by these stores have now made it a norm for most Singaporeans to shop for their grocery needs at supermarkets and hypermarkets on a regular basis.

2. **Mini-markets, convenience stores and petrol station stores**

Trade sources indicated that this sub-sector has about 15% share of the food retail sector. Trade sources added that the sub-sector has been growing at about 6% per annum over the past five years and indicated that this sub-sector is likely to continue to grow at around 5% per annum over the next three to five years. The majority of these stores are franchise operations with support from their franchisors in the form of advertising support, consultancy services, staff training, financing, bulk purchasing and distribution facilities.

Most of the customers live close to such stores and purchase small quantities of goods per shopping trip at these stores. Mini-markets are smaller versions of supermarkets with a smaller range of products than supermarkets. Shoppers frequent these stores largely because of the friendlier service provided by the store operators. The convenience stores are treated like "tuck shops" by children, teenagers and young adults who usually shop for magazines, newspapers, candies, chips and other snacks, ice cream or other single-serve food and beverages that are consumed "on-the-go".

These air-conditioned stores generally carry a smaller range of popular processed and packaged food and beverage products compared to those carried by the supermarkets. They generally do not carry perishable products such as chilled meat, fish and seafood, fresh fruits and vegetables. Most of the products are in single-serve sized packaging or in smaller packaging size than those carried by the supermarkets/hypermarkets. However, the retail price of the products is generally higher in convenience stores and petrol station stores than at the mini-markets or supermarkets.

A large number of their products are imported from the region, e.g. Thailand, Malaysia, China, Hong Kong and Taiwan. Only a small range of imported products from western countries such as the USA or Australia is carried. Such products would include a very small range of bottled or canned juices, biscuits and cookies, potato-based snacks such as chips, a wider range of candies and a small range of canned foods such as canned meat (Tulip brand). The convenience stores also carry a very small range of soft drinks, beers and new age alcoholic drinks such as Bacardi Breezer, DNA, Booz, Vodka Mudshake and alike as well as a small range of wine in small bottles (187 ml bottle size).

Apart from the above mentioned, convenience stores also carry microwaveable food products which may be heated at the store for immediate consumption. In addition, convenience stores and petrol station stores also serve ready-to-consume food and beverages such as sandwiches, fried rice, fried noodles, other Asian cooked meals, buns and alike, ready-to-drink hot coffee or tea, soft drinks and other beverages.

3. Traditional stores including dry markets, provision and sundry shops

These non-air conditioned open-fronted grocery stores offer mainly local and Asian processed products, including unbranded products. They generally do not sell fresh perishable produce. Their competitive advantage is in their carrying “no-frills” products that are ordinarily demanded by most local households and are retailed at a low price. Most of the customers shop daily and buy small quantities of goods. The majority of their customers live within a short walk from such stores. These retail outlets generally do not carry many imported products from western countries.

Trade sources indicated that this sub-sector’s market share has been declining steadily over the years as shoppers switched to shopping in supermarkets, convenience stores and mini-markets. According to trade sources, this sub-sector experienced insignificant growth since 1997 and is unlikely to show much growth in the next three to five years.

2.2 Advantages and challenges for US exporters

The Table below summarizes the advantages and challenges for US products in the Singapore food and beverage retail sector.

Advantages	Challenges
Singapore’s economy is continuing to grow and the food retail market is also continuing to expand. Imported food and beverage products are free of import duties and Customs Duties (except for alcoholic drinks).	Malaysia, Australia, New Zealand, France and China continue to be strong competitors in the food retail market. Their products compete on quality and price against a number of comparable US products.
US products and brands are already well-known and well represented in the food retail market. In addition, US products have a reputation of being of high quality. This enables new-to-market US products an easier access into the retail market because the major retailers are more willing to carry US products than products from other countries. In addition, Cold Storage and FairPrice outlets that target western expatriates already carry large quantities and a wide variety of imported food products from the USA. Both these retail operators import food products directly from US suppliers.	US products are generally perceived as not as price competitive as similar products from countries such as Australia and New Zealand.

Young Singaporeans, including young adults, are increasingly adopting US culture and trends. This is positive for US food products.	New-to-market US products do not always fit local demand on taste and packaging size.
Past marketing efforts by US organizations have raised the profile of a range of US products in the eyes of consumers and retailers, e.g. fresh temperate fruits, dried fruits, wine, etc. Such activities serve to not only increase awareness and consumption of US products but also increase the perception of US products as high quality products.	Major supermarket and hypermarket operators, such as Cold Storage and FairPrice, are becoming increasingly demanding on the performance of products carried in their stores and will not hesitate to remove slow moving products from their stores.
A wide variety of foreign products already "fit" into local food culture, e.g. ice cream, potato and cereal based snacks, infant food, temperate fruits and vegetables, soft drinks and alcoholic drinks such as whiskey. This trend will continue into the future as more Singaporeans modernize their diets.	Certain new-to-market US products are not readily understood by many Singaporeans and so are ignored, e.g. ready-to-consume prepared meals. A large number of these US products do not readily fit into the local food culture.

3. Road map for market entry

3.1 Supermarkets, hypermarkets and department stores

3.1.1 Company profiles

The Table below provides information on the major retailers involved in the operation of supermarkets, hypermarkets and department stores.

Retailer Name and Outlet Type	Ownership	Sales (US\$ millions)	No. of Outlets	Location	Purchasing Agent Type
NTUC FairPrice Co-operative Ltd, supermarket chain.	Co-operative	940 (2006), including sales through convenience stores and petrol station stores. Market leader in the food retail sector.	76 FairPrice supermarkets and 1 hypermarket.	Nation-wide	Direct sourcing preferred with some agents used for smaller volume supplies.

Cold Storage Singapore (1983) Pte Ltd, supermarket chain	Local company, subsidiary of Dairy Farm International of Hong Kong	Sales information not released. Second largest supermarket chain.	30 Cold Storage supermarkets, 5 Market Place stores, 48 Shop N Save supermarkets and 3 Giant supermarkets.	Nation-wide	Direct sourcing preferred with a number of preferred agents used.
Carrefour Singapore Pte Ltd, hypermarket	Local company, wholly owned by Carrefour France	Sales not disclosed.	2 hypermarkets Targets the western expatriate community	In 2 major shopping malls in the city centre	Group sourcing direct from suppliers is preferred.
Sheng Siong Supermarket Pte Ltd	Local company	Sales not disclosed.	1 department store and 20 Sheng Siong supermarkets. Targets the price conscious shopper.	Nation-wide in neighborhoods	Agents used although the company has started to source directly from overseas suppliers where ever possible for bulk purchases.
Mustafa & Samsuddin Co Pte Ltd	Local company	Sales not disclosed.	1 department store with a significantly large supermarket section	Little India	Sources directly from overseas suppliers where ever possible for bulk purchases. Local agents used for smaller orders.

Isetan (S) Ltd	High end department store listed on Singapore Stock Exchange, was introduced from Japan.	206 (2006), including sales of non-food merchandise through the department stores	Operates 4 department stores in Singapore, with only one outlet located on the main shopping street that has a supermarket	Orchard Road	Japanese products are imported directly from Japan. Other products are purchased from local importers and distributors.
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3.1.2 Entry strategy

US exporters should treat this sub-sector as a mainstream retail sector to target, particularly those retail outlets that target the high income western and Asian expatriates and middle to high income Singaporeans.

- FairPrice has a number of stores located in the middle to higher income areas which targets western expatriate customers as well as the sophisticated Singaporeans, with its high concentration on imported products from the USA, Australia, Europe, Japan, Korea and alike. Some of these outlets include in-store concepts such as an Australian Pavilion, Liberty Market (carry USA products only), Peranakan (ethnic), Japanese, Korea and Thai Street. In addition, FairPrice Finest was opened in September 2007, carrying only the finest products targeted at the well-travelled, sophisticated middle to high income customers who seek alternative premium products that are not usually carried in other stores.
- Most of Cold Storage stores target the western expatriates and middle to high income Singaporean consumers and such stores carry a high volume of imported products from western countries such as the USA, Australia, United Kingdom, France, other parts of Europe, New Zealand and Canada. It opened Naturally Market Place recently which targets the health conscious and discerning middle to high income consumers, carrying over 1,000 organic products. Almost 50% of the products it carries are high quality natural, fresh, dietary-sensitive products as well as eco-friendly merchandise.

The US exporter should consider the following when selecting major retailers to partner with in Singapore:

- The financial strength of the retailer and its volume of business.
- The level of interest and commitment by the retailer in carrying imported US products.
- The number and location of retail outlets that target western expatriates and middle to high income local consumers which are accessible to US products.
- The annual marketing program of the retailer.
- The retailer's policy towards:
 - New-to-market imported products and brands.
 - Premium and basic lines and niche products.
 - Volume of sales expected from the US products.
 - Promotional support expected from US exporters.

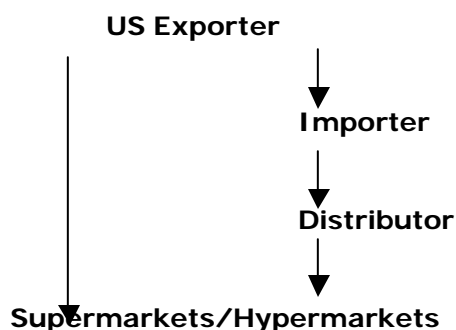
- Retail pricing expected for the US products.
 - Listing fees and other costs, if any, imposed on the US exporters.
- The retailer's purchasing policy, i.e. whether they purchase directly from overseas suppliers or via local importers/distributors.

In addition, US exporters should consider the following matters when planning to enter this retail sub-sector:

- Where the product fits in the retail market, e.g. as a mass market item, high-end niche item, novelty/exotic item, seasonal festive/gift item, targeted at western expatriates, etc.
- Price competitiveness of the US products versus comparable brands already in the market.
- Packaging size and quality that meets with customers' expectations.
- US products which can be readily accepted as alternatives/substitutes to competing products.
- US products that can readily fit into local food culture.
- US organic products and health food products that can meet retailer's requirements.
- US products which provide convenience to customers.
- The level of promotion, commitment to brand support and consumer education necessary for successful launch and development of a new-to-market product.
- Ability to meet retailer purchasing requirements and specifications.

3.1.3 Distribution channel

The Chart below provides an overview of the distribution channel for imported food and beverage products from US exporters to supermarkets and hypermarkets. It is important to note that the larger retailers prefer buying directly from overseas suppliers where possible to gain better pricing in order to pass cost savings to their customers to remain competitive in the market.



FairPrice operates a central warehousing and distribution centre and products from the centre are distributed directly to its supermarkets and convenience stores.

3.2 Mini-markets, convenience stores and petrol station stores

3.2.1 Company profiles

Mini-markets today are only operated by one major franchisor, PSC Corporation. The convenience stores segment is dominated by 7-Eleven stores operated under franchise by

the Cold Storage Group with NTUC's Cheers convenience stores providing an alternative to local consumers. Convenience stores operate for 24 hours a day unlike mini-markets which have similar operating hours to supermarkets. In addition, there are around 120 twenty-four hour petrol station stores nation-wide operated by the other petroleum companies such as Shell, SPC and Caltex.

The Table below provides information on the major businesses involved in the operation of mini-markets and convenience stores.

Retailer Name and Outlet Type	Ownership	Sales (US\$ millions)	No. of Outlets	Location	Purchasing Agent Type
NTUC FairPrice Co-operative Ltd, convenience stores	Co-operative	940 (2006), including sales through convenience stores and petrol station stores. Largest petrol station store operator.	114 Cheers stores, 19 FairPrice Express and 55 petrol station stores in Mobil and Esso stations.	Nation-wide	Direct sourcing preferred with some agents used for smaller volume items.
Cold Storage Singapore (1983) Pte Ltd, convenience store operated under license from Southland Corporation	Local company, subsidiary of Dairy Farm Group of Hong Kong	Sales information not released. Largest convenience store operator.	206 outlets of 7-Eleven stores	Nation-wide	Direct sourcing with some preferred agents used.
PSC Corporation Ltd, franchise operator of mini-markets	Local company	113 (2006) including food manufacturing and other investment income. Largest retail franchise operator.	130 iEcon Minimart stores	Nation-wide, concentrated in the neighborhoods located close to the homes of lower income to middle income consumers.	Direct sourcing via its subsidiaries, Topseller and Tipex Trading

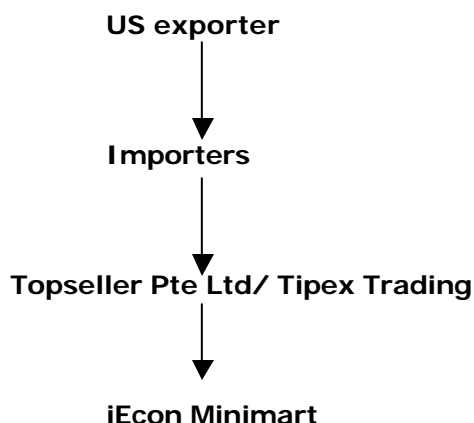
3.2.2 Entry strategy

US exporters should view this as a secondary target providing incremental business, rather than as a main target. They should develop distribution reach into this sub-sector through their appointed distributors that service FairPrice and Cold Storage. The new-to-market US exporters should consider the following matters when planning to enter the sub-sector:

- US products which target children, young adults and convenience seekers.
- US products which are packaged in single-serve or smaller sizes.
- US products which can satisfy local taste preferences.
- Price competitiveness of the US products versus competing imported brands.
- US products which can be accepted as alternatives to other imported products.

3.2.3 Distribution channel

The distribution channel for the convenience stores and petrol station stores is similar to that existing for the supermarkets. An example of the distribution channel to mini-markets is shown below.



PSC Corp operates two large distribution businesses, Topseller and Tipex Trading which have developed exclusive agencies and distribution rights in Singapore. These companies handle the logistics operations, distributing in-house brands as well as international brands to its iEcon Minimart chain, enabling the minimart operator's access to price competitive products, benefit from advertising and promotional activities organized by PSC as well as other retailing facilities offered by PSC.

3.3 Traditional stores including dry markets, provision and sundry shops

This sub-sector is dominated by small family-run businesses that are located in the neighborhoods. The sub-sector has remained highly fragmented with a number of operators that enter and exit the sub-sector on a frequent basis... These businesses target the price sensitive consumers as well as those who seek convenience, particularly those housewives that prefer to shop daily for a small number of grocery items and other daily essentials. These retail stores generally carry local and Asian products and brands with a small number of the more popular imported food and beverage products from western countries.

3.3.1 Entry strategy

US exporters should treat this sub-sector as a very low priority retail sector to target. US exporters that wish to enter this sub-sector should supply highly price competitive products that:

- Can easily fit into the local food culture
- Can be accepted as alternatives to Asian products and brands.

New-to-market US exporters should also carefully select major local distributors that have wide distribution capabilities which reach into the neighborhoods.

3.3.2 Distribution channel

Traditional stores source their imported food and beverage products through local importers and distributors or sub-distributors. Trade sources comment that this sub-sector is not well served by the local importers and distributors because of the small and irregular volume of transactions involved.

4. Competition in the sector

The Table below summarizes the major supply sources for each product covered under this study, the strengths of the key supply sources and the advantages and disadvantages of local companies.

Product	Major supply sources	Strengths of key supply countries	Advantages and disadvantages of local companies
Beef (fresh, chilled or frozen) Import: 17,508 tons US\$ 65.6 million (CIF value)	1. Brazil - 70% 2. Australia - 15% 3. New Zealand - 11% USA - Minor supplier (1% share)	Brazil competes on price and leads in the frozen sector; demanded largely by the food service sector. Australia targets the retail sector with its products and strong presence in retail stores has maintained its market leadership in the retail sector. New Zealand continues to target the high end- food service businesses.	There is no local supply of beef.
Whole chicken, frozen Import: 17,221 tons US\$ 21 million (CIF value)	1. Brazil - 90% USA - Minor supplier (4% share)	Brazil dominates the frozen whole chicken market. It targets the food service sector with very price competitive frozen whole chicken. USA targets the retail sector with its Tyson products.	Local supply of poultry is negligible.

Whole turkey, frozen Import: 410 tons US\$ 1 million (CIF value)	1. USA- 99.9 %	USA dominates the market. The only other supplier is Germany which supplied only 2 tons in 2006...	There is no local supply of turkey.
Dairy Import: 228,280 tons US\$ 442 million (CIF value)	1. Australia - 32% 2. New Zealand - 29% 3. Malaysia - 9% USA - Minor supplier (3% share)	Australia has developed strong business links in the market for all forms of dairy products. NZ is the leading supplier of milk powder to Singapore and has strong business links with Singapore for all forms of dairy products. Malaysia benefits from close proximity to Singapore and has developed strong distribution into Singapore for its yoghurts, sweetened condensed milk, canned milk powders and infant formula.	Local companies are strong in liquid milk, ice cream, yogurt, cultured milk drinks and sweetened condensed milk. They are all very strong companies although they continue to be affected by high production costs.
Breakfast cereals Import: 6,822 tons US\$ 18 million (CIF value)	1. China - 27% 2. Malaysia - 21% 3. USA - 11%	Branded market dominated by Nestlé, Kellogg's, Quaker and Post. Malaysia is a re-export site for Nestlé while Kellogg's are supplied from a number of countries including USA. Quaker is imported from China while Post is imported from USA.	Singapore does not produce breakfast cereals.
Infant food, excluding dairy products Import: 6,302 tons US\$ 14 million (CIF value)	1. Malaysia - 34% 2. USA - 10%	Branded market, led by Nestlé which is imported from Malaysia. Heinz and Gerber products are imported from the USA.	Singapore does not produce infant food.
Savory snacks; potato based and other cereal based snacks Import: 49,954 tons US\$ 93 million (CIF value)	1. Malaysia - 78% 2. USA - 5%	Branded market. Malaysia dominates with its branded price competitive products such as Jack & Jill, Roller Coasters, Pringles and Twisties. USA supplies Pringles and Fritolay products.	Tai Sun produces potato and other cereal based snacks.

<p>Baked products</p> <p>Import: 69,933 tons</p> <p>US\$ 138 million (CIF value)</p>	<p>1. Malaysia - 72%</p> <p>2. China – 6%</p> <p>3. USA - 5%</p>	<p>Branded market. Cakes dominate with 71% market share followed by sweet biscuits with 28% market share.</p> <p>Malaysia dominates both the cakes and sweet biscuits segments with its branded price competitive products such as Julie's, Munchy, Hup Seng and Danone's products e.g. Chipsmore and Jacob's and alike.</p> <p>China supplies a variety of Nabisco biscuit products to Singapore.</p> <p>USA supplies Sara Lee, Pillsbury and Mrs. Smith's cakes, waffles, pancakes and pies as well as Oreos sweet biscuits.</p>	<p>Khong Guan has remained the only major local baked products manufacturer in Singapore. It competes largely in the sweet biscuits assortment and plain biscuits segments.</p>
<p>Fresh vegetables</p> <p>Import: 384,338 tons</p> <p>US\$ 190.9 million (CIF value)</p>	<p>1. Malaysia - 44%</p> <p>2. China - 27%</p> <p>3. Australia - 6%</p> <p>USA - Minor supplier with 3% of market</p>	<p>Malaysia dominates the market with its consistent ability to supply good quality, competitively priced vegetables.</p> <p>China is the largest supplier of potatoes, cabbage and alike, onions and alike and a major supplier of other types of fresh vegetables.</p> <p>Australia is the leading supplier of carrots to Singapore.</p>	<p>Singapore is not a major producer of fresh vegetables.</p>
<p>Frozen vegetables</p> <p>Import: 19,065 tons</p> <p>US\$ 19 million (CIF value)</p>	<p>1. USA - 64%</p> <p>2. China -19%</p>	<p>USA dominates the market with its frozen potato products, mainly targeted at the food service, although it also supplies other frozen vegetable products (peas, sweet corn, broccoli and alike).</p> <p>China supplies frozen peas.</p>	<p>Singapore does not produce frozen vegetables.</p>
<p>Canned/bottled vegetables</p> <p>Import: 20,783 tons</p> <p>US\$ 25 million (CIF value)</p>	<p>1. China - 25%</p> <p>2. USA - 19%</p> <p>3. Malaysia - 15%</p>	<p>China supplies canned Asian products (bamboo shoots, mushrooms)</p> <p>USA supplies Green Giant, Del Monte, S&W, Hunts and Heinz products.</p> <p>Malaysia is strong in supplying baked beans, mushrooms and peas.</p>	<p>Local companies' canned vegetables use imported ingredients. Brands include Mili and Hosen.</p>

<p>Fresh fruits, temperate</p> <p>Import: 162,832 tons</p> <p>US\$ 169 million (CIF value)</p>	<p>1. China – 38 % 2. USA - 21% 3. South Africa - 14%</p>	<p>China leads the market with its Fuji apples, Chinese pears and mandarins. USA is the key supplier of grapes, non-Chinese pears, berries and stone fruits. South Africa is a major supplier of citrus fruits, grapes, apples and pears.</p>	<p>Singapore does not produce fresh temperate fruits.</p>
<p>Dried fruits</p> <p>Import: 7,201 tons</p> <p>US\$ 16 million (CIF value)</p>	<p>1. USA - 30% 2. China - 24% 3. Iran - 10%</p>	<p>USA dominates the market for raisins and prunes, forming the bulk of demand in this market. It has established a long presence in the retail market with its well known brands (Sun-Maid, Sun sweet, Del Monte, Ligo). China dominates the Chinese dates and other dried fruits segments. Iran is the largest supplier of Middle-eastern dates and figs and the second largest supplier of sultanas.</p>	<p>Harvest Fields, NTUC Fairprice house brand, uses imported dried fruits from USA.</p>
<p>Canned fruits</p> <p>Import: 57,470 tons</p> <p>US\$ 59 million (CIF value)</p>	<p>1. Indonesia - 43% 2. China - 16% 3. Thailand - 12%</p> <p>USA- Minor supplier (3%)</p>	<p>Indonesia supplies fruit ingredients to local companies canned under their own house brands. China supplies Asian products such as lychees, longans and other similar products under the Narcissus brand as well as ingredients to local companies canned under their own house brands. Thailand supplies Asian products such as Toddy Palm, longan, lychees, sea coconut and alike under the Flying Horse and UFC brand as well as ingredients to local companies canned under their own house brands. USA supplies Del Monte, S&W and Contadina products to Singapore.</p>	<p>Local companies' canned fruits use imported ingredients from Malaysia, Thailand, Indonesia, China and alike. The better known brands include Mili and Hosen.</p>
<p>Edible nuts</p>	<p>1. India - 37% 2. Indonesia - 27%</p>	<p>India leads in supplying groundnuts by offering</p>	<p>Local brands such as Tong Garden, Camel</p>

<p>Import: 23,795 tons</p> <p>US\$ 36 million (CIF value)</p>	<p>3. China - 25%</p> <p>USA - Minor supplier (4%).</p>	<p>very competitive prices.</p> <p>Indonesia leads in supplying other nuts such as macadamia and alike.</p> <p>China is the second largest supplier of groundnuts and leads in the supply of chestnuts, pistachio and walnuts.</p> <p>They all supply to local food processors.</p> <p>The USA leads in the supply of almonds.</p>	<p>and Tai Sun have a strong presence in the retail market.</p>
<p>Sugar confectionery</p> <p>Import: 14,025 tons</p> <p>US\$ 45 million (CIF value)</p>	<p>1. China - 30%</p> <p>2. Malaysia - 20%</p> <p>USA - Minor supplier (5%)</p>	<p>China is strong in supplying price competitive hard boiled candies that have a traditional demand from ethnic Chinese. It also supplies Mentos to Singapore, a very popular candy brand amongst Singaporeans.</p> <p>Malaysia supplies similar products targeted at local consumers but of slightly better quality products, including Hacks and Hudson's.</p>	<p>Singapore does not produce sugar confectionery.</p>
<p>Chocolates</p> <p>Import: 11,513 tons</p> <p>US\$ 83 million (CIF value)</p>	<p>1. Malaysia - 19%</p> <p>2. USA - 17%</p> <p>3. Italy - 15%</p>	<p>Malaysia targets consumers that prefer chocolates in conveniently packed single serve bars as well as large sized bars. It is strong in supplying Cadbury chocolate bars that have a traditional demand from local consumers, both filled and unfilled bars of all flavors and varieties. It also exports Vochelle chocolate bars to the market.</p> <p>USA supplies Hershey Kisses and Bars which provide an alternative product to chocolate lovers.</p> <p>Italy targets the gift market, its Ferrero Rocher is very popular as a gift product and its Kinder chocolates are popular with the younger generation of chocolate</p>	<p>Singapore produces chocolate bars under the Van Houten brand, targeted at the local and ASEAN markets. It is a secondary player in the market.</p>

		lovers.	
<p>Non-alcoholic beverages</p> <p>Import: 310 million litres</p> <p>US\$ 144 million (CIF value)</p>	<p>1. Malaysia - 67%</p> <p>2. Indonesia - 6%</p> <p>USA - Minor supplier (2% share)</p>	<p>Malaysia dominates the import market with supplies of good quality cordials, fruit juices and mineral water at very competitive prices.</p>	<p>Local soft drinks and mineral water products dominate the market. Coca-Cola and Pepsico products are produced locally. Other well-known local brands by F&N, Pokka, Yeo's and alike also command significant shares in the market. They have maintained a strong local market to effectively compete against imports.</p>
<p>Wine</p> <p>Import: 20 million liters</p> <p>US\$ 311 million (CIF value)</p>	<p>1. France - 47%</p> <p>2. Australia - 26%</p> <p>3. Chile - 6%</p> <p>4. USA - 5%</p>	<p>France dominates the food service market and competes on quality and price. Australia has developed a higher presence in the retail market for its New World wines because of its price competitive products, strong supply and strong branding. Chile competes on price and supplies New World wines.</p>	<p>Singapore does not produce any grape wine.</p>
<p>Beer</p> <p>Import: 71 million liters</p> <p>US\$ 71 million (CIF value)</p>	<p>1. Malaysia - 46%</p> <p>2. Belgium - 8%</p> <p>USA - Negligible supplier (Less than 1%)</p>	<p>Carlsberg's products are imported from Malaysia and Singapore is part of its home market. It has a very strong presence in Singapore with very wide distribution. The other imported beers are small niche players.</p>	<p>Market is dominated by local beers. Singapore has one major brewery that is an aggressive brand driven businesses which protects its market.</p>
<p>Spirits</p> <p>Import: 38 million liters</p> <p>US\$ 591 million (CIF value)</p>	<p>1. UK - 41%</p> <p>2. France - 40%</p> <p>USA - Minor supplier (4% share)</p>	<p>The market is now dominated by whiskies (42% market share) with brandy a close second (38% market share).</p> <p>UK dominates in whiskies and gin.</p> <p>France dominates the brandy sector with its well known brands.</p>	<p>Local production is negligible.</p>

Pet food Import: 9,931 tons US\$ 16 million (CIF value)	1. USA - 56% 2. Thailand - 23% 3. Australia - 14%	The market is dominated by Friskies (Australia & USA,) Pedigree (Australia) and Whiskas (Australia & Thailand).	Singapore does not produce processed and packed pet foods.
Source: Department of Statistics, market observations and trade comments			

5. Best product prospects

The main aim of this study is to make a broad based assessment of the attractiveness of the target market segments for U.S. products and rank each segment in accordance with the following criteria:

- Category A: U.S. products are available in significant quantities in the market segments which have good sales potential.
- Category B: U.S. products not present in significant quantities in market segments which have good sales potential.
- Category C: U.S. products not present in market segments because they face significant barriers

It should be noted that this market attractiveness review has been developed from a broad study of the Singapore market and not detailed market studies of each segment. As a result, the reader should not construe it as the results of a full and detailed market study into opportunities for U.S. products. This assessment considers in broad terms the likely strategic direction of each market segment but does not consider or provide advice on the strategies or tactics that will be needed by individual US exporters to develop viable markets.

The following Tables consider in broad terms which of the food market segments covered by this study are attractive for U.S. products to develop over the next three years. The Table also ranks each sector according to the above referred criteria.

Category A: Products Present in the Market That Have Good Sales Potential

Product category	2002 Imports	2006 Imports	5 year Average Annual Import Growth Rate	Key constraints over market development	Market attractiveness for USA
Whole turkey, frozen	289 tons US\$ 0.5 million (CIF value)	410 tons US\$ 1.0 million (CIF value)	8% growth per annum. Very rapid growth was seen in recent years but the market has remained small.	Whole turkey is not commonly demanded by local consumers because they are not used to the taste of turkey. Turkey is only demanded at Christmas but	This market continues to be attractive for the USA and US exporters should capitalize on the growth in this market as an increasing number of local consumers are starting to

				only as ready-to-serve prepared and roasted turkey which is usually available at the two major supermarket chains for a month before Christmas.	acquire a taste for roast turkey for Christmas.
Breakfast cereals	5,600 tons US\$ 16 million (CIF value)	6,822 tons US\$ 18 million (CIF value)	4% growth per annum. Growing and developing market (including breakfast oats). Although largely a young children's market, young adults are increasingly consuming breakfast cereals, particularly the healthy varieties.	Nestlé and Kellogg's' strengths in the market.	An attractive market for long term development based on higher disposable incomes and related modernizing eating habits.
Savory snacks; potato based and other cereal based snacks	35,734 tons US\$ 61 million (CIF value)	49,954 tons US\$ 93 million (CIF value)	8% growth per annum. Fast growing sizable market, popular amongst young children, teenagers and young adults.	Strong competition from price competitive good quality Malaysian made products.	This market continues to be attractive for well-known brands from the USA and US exporters should capitalize on the growth in this market by introducing new products and brands.
Baked products	53,923 tons US\$ 95 million (CIF value)	69,933 tons US\$ 138 million (CIF value)	6% growth per annum. Fast growing market. Baked products are popular amongst all consumers, particularly cakes and sweet biscuits consumed as snack food.	Strong competition from price competitive good quality Malaysian branded products.	This market continues to be attractive for the USA and US exporters should capitalize on the growth in this market. US exporters should consider exporting unique and exotic products of suitable taste and flavor, products that

					are not readily available in this region.
Dried fruits	7,316 tons US\$ 12 million (CIF value)	7,201 tons US\$ 16 million (CIF value)	Declining by less than 1% per annum. Mainly bakery sector demand. Consumers increasingly prefer cereal and potato based snacks instead of dried fruits, particularly the younger generation.	Maturing market for traditional dried fruits such as raisins and prunes. Growing demand in niche health food segment, particularly for dried apricots and dried avocado.	US exports continue to dominate the market. Opportunities exist to supply to the health food and organic food segments of the retail market.
Canned fruits	32,440 tons US\$ 40 million (CIF value)	57,470 tons US\$ 59 million (CIF value)	15% growth per annum. Growth mainly a result of increased demand by the price sensitive food service and bakery sectors.	Fresh fruits are preferred by consumers which are readily available all year round. This is more a food service and bakery demand product.	Opportunities exist to service demand from the food service and bakery sectors.
Chocolates	9,991 tons US\$ 49 million (CIF value)	11,513 tons US\$ 83 million (CIF value)	Growing by 3% per annum. Slow growing market. Largely a gift market which has seasonal demand that peaks around Christmas and Chinese New Year period. Consumers increasingly prefer filled chocolates, exotic chocolate products and gift chocolates to plain chocolate bars.	Strong competition from Malaysia for filled chocolate products. Declining market for plain chocolate products.	Opportunities exist in supplying gift chocolate and exotic chocolate products to meet changing demands by consumers.
Pet food	8,173 tons US\$ 11 million (CIF value)	9,931 tons US\$ 16 million (CIF value)	Growing at 4% per annum.	It is increasingly fashionable for the middle to upper income groups to own exotic pet dogs and cats. Dogs are generally	This market continues to be attractive for the USA and US exporters should capitalize on the growth in this market.

				preferred by Singaporeans to cats. Few constraints/barriers exist under conditions where disposable income is growing.	
<p>Note: All the above mentioned products are free of import duties. Source: Data from the Department of Statistics</p>					

Category B: U.S. Products not Present in Significant Quantities in the Market That Have Good Sales Potential

Product category	2002 Imports	2006 Imports	5 year Average Annual Import Growth Rate	Key constraints over market development	Market attractiveness for USA
Dairy	174,066 tons US\$ 233 million (CIF value)	228,280 tons US\$ 442 million (CIF value)	6% growth per annum. Market growth was seen mainly in yoghurt, butter, cheese and infant milk powder. Market decline was seen mainly in liquid milk.	High levels of existing competition for market share amongst key suppliers, both local and overseas, make new entry difficult and costly.	Good sales potential exists particularly for pizza cheese and processed cheese as well as butter. Good sales potential also exists for supply of dairy ingredients for recombined liquid milk.
Infant food, excluding dairy products	6,000 tons US\$ 11 million (CIF value)	6,302 tons US\$ 14 million (CIF value)	Growing by 1% per annum. Slow growing market, mainly demanded by convenient seeking well-informed young mothers from middle to upper income group.	Nestlé's strength in the market. Young mothers appear to prefer easy-to-prepare cereal based infant foods that are similar to traditional baby foods.	Attractive for US exporters wishing to take advantage of the convenience demanded by young working mothers.

Fresh vegetables	345,306 tons US\$ 142 million (CIF value)	384,338 tons US\$ 191 million (CIF value)	2% growth per annum. Slow growing market with large demand for Asian vegetables. Faster growth seen in potatoes, tomatoes, carrots and other temperate vegetables such as broccoli, asparagus and alike.	Competition from key established suppliers from Malaysia and China which supply mainly Asian vegetables to Singapore. The bulk of demand is for Asian fresh vegetables although potatoes, tomatoes, cauliflower, broccoli, young sweet corn, carrots, asparagus and capsicum are increasingly used in Singaporeans' home cooking.	Demand for fresh temperate vegetables will continue to grow as more varieties are adopted into local food culture, particularly broccoli, cauliflower, carrots, young sweet corn, peas/beans, asparagus and capsicum.
Fresh fruits, temperate	176,181 tons US\$ 142 million (CIF value)	162,832 tons US\$ 169 million (CIF value)	Declining by 1% per annum.	Market has matured for popular temperate fruits which have been adopted into local food culture such as apples, pears, oranges and grapes. Market still in rapid growth for other fruits such as berries and stone fruits which remain exotic and are increasingly consumed as alternative fruits.	Fastest growth seen in berries and stone fruits. Opportunities exist for US exporters to capitalize on growth in the berries and stone fruits segment as consumers are becoming more familiar with them.
Sugar confection	11,076 tons US\$ 35 million (CIF)	14,025 tons US\$ 45 million (CIF)	Growing by 5% per annum. Consumers, particularly the younger generation, are increasingly	Strong competition from products made in China and Malaysia.	Opportunities exist in supplying novelty products targeted at the

	value)	value)	attracted by the temptingly packaged and fun looking novelty products.		younger generation.
Non-alcoholic beverages	255 million liters US\$ 119 million (CIF value)	310 million liters US\$ 144 million (CIF value)	4% growth per annum. The market is dominated by local products which meet closely with consumer taste. Import growth is mainly in cordials, new Asian drinks and fruit juices as well as sparkling juices.	Very strong competition from local products and brands which meet closely with consumer taste demands.	Opportunities exist for US exporters to supply competitively priced juices (fruits and mixture of fruits and vegetables), sparkling juices as well as products that can be targeted at the health food and organic food segments of the market.
Wine	11 million liters US\$ 118 million (CIF value)	20 million liters US\$ 311 million (CIF value)	16 % growth per annum. Fast growing market, particularly demanded at weddings and other major celebrations as purchasers increasingly switch from spirits (brandy) to wine (sparkling and non-sparkling). In addition, the young adults increasingly prefer sipping wines to other alcoholic drinks to appear sophisticated.	Wine is increasingly being consumed by the younger generation of adult Singaporean, particularly those educated abroad and/or the well-travelled group of consumers. List of Excise Duty can be obtained from http://www.customs.gov.sg	Opportunities exist for US exporters to develop this market for their new world wines as increasing number of young Singaporeans acquire a taste for wines.
Beer	59 million liters US\$ 49 million (CIF value)	71 million liters US\$ 71 million (CIF value)	4 % growth per annum. The market is dominated by local brands as well as Malaysian brands.	Very strong competition from local brands and from Carlsberg (Malaysia). Most imports have tentative niche presence as the foreign brands are unknown to	Opportunities exist for US exporters to develop a niche market for its brands, targeting the food service sector.

				consumers. List of Customs Duty and Excise Duty can be obtained from http://www.customs.gov.sg	
Spirits	16 million liters US\$ 228 million (CIF value)	38 million liters US\$ 591 million (CIF value)	Growing by 28 % per annum. Rapidly growing market. Whiskey has overtaken brandy as a spirit of choice for the high income and sophisticated mature consumers. Whiskey now commands around 42% of the market compared to brandy with 38% of the market.	High duties on these products and consumer preference for brandy and whiskey make this a costly market to enter for new-to-market brands. List of Excise Duty can be obtained from http://www.customs.gov.sg The Excise Duty for Whiskey exceeding 46% vol, is S\$70 per liter of alcohol.	Opportunities exist for US exporters to develop the market for US whiskey brands.
<p>Note: All the above mentioned products are free of import duty and Customs Duty except for alcoholic beverages. A listing of Customs Duty and Excise Duty applicable to alcoholic beverages can be obtained from http://www.customs.gov.sg</p> <p>Source: Data from the Department of Statistics</p>					

Category C: U.S. Products not Present in the Market Because They Face Significant Barriers

Product category	2002 Imports	2006 Imports	5 year Average Annual Import Growth Rate	Key constraints over market development	Market attractiveness for USA
Beef (fresh, chilled or frozen)	15,701 tons US\$ 40.9 million (CIF value)	17,508 tons US\$ 65.6 million (CIF value)	2% growth per annum. Market has been growing slowly in recent years.	The BSE concerns by consumers have remained amongst Singaporeans and those who used to	This market continues to be a challenge for beef exporters to Singapore. Even beef from BSE-free countries is

				consume beef have continued to avoid beef. This is likely to continue into the future unless such concerns are eliminated. Today, the preferred meat includes chicken and pork amongst Singaporeans .	being avoided by health-conscious local consumers.
Whole chicken, frozen	15,158 tons US\$ 14 million (CIF value)	17,221 tons US\$ 21 million (CIF value)	3% growth per annum. Slow growth experienced in recent years.	Household purchasers, who are the major purchasers of chicken, continue to prefer fresh poultry to frozen poultry.	Lower end food service operators continue to demand price competitive frozen poultry from Brazil. This market will be a challenge for US exporters who are unable to compete on price.
Frozen vegetables	21,204 tons US\$ 20 million (CIF value)	19,065 tons US\$ 19 million (CIF value)	Declining by 2% per annum.	Products are mainly demanded by the food service sector (western style restaurants) as most consumers still prefer fresh vegetables which are readily available all year round.	This is more a food service demand product. Opportunities exist to service niche demand from western expatriates in the retail market.

Canned/ bottled vegetables	23,998 tons US\$ 28 million (CIF value)	20,783 tons US\$ 25 million (CIF value)	Declining by 3% per annum.	Mainly demanded by the food service sector (Chinese and western style restaurants) as most Singaporean shoppers still prefer fresh vegetables. The range of canned foods consumed in Singapore is currently very small.	This is more a food service demand product. Opportunities exist to service niche demand from western expatriates in the retail market.
Edible nuts	21,595 tons US\$ 26 million (CIF value)	23,795 tons US\$ 36 million (CIF value)	Growing by 2% per annum. Slow growing market which has started to mature. Consumers have largely switched to potato based snacks.	Declining market for imported roasted peanuts, cashew nuts and pistachio due to competition from local brands.	Strong competition from local brands. In addition, strong competition exists from price competitive supply countries that supply to local edible nuts manufacturers .

Note: All the above mentioned products are free of import duty.

Source: Data from the Department of Statistics

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