

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Singapore

Retail Foods

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Report Highlights:

Singapore's retail foods market is diverse, dynamic, and extremely competitive. Almost all retail food is imported. Three main chains dominate the sector. Consumer spending on food and beverages is expected to grow 5 percent annually through 2018, which will drive continued growth in the retail sector. Demand from Singapore's retail sector is fueling growth in U.S. exports of consumer oriented food products.

Post:

Singapore

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SECTION I. MARKET SUMMARY

Singapore in Summary: Singapore is a wealthy country, with a highly developed market economy, and one of the most free and liberal import regimes in the world. It is the most affluent nation in the Association of Southeast Asia Nations (ASEAN) grouping, with a highly trade-dependent economy, and serves as a re-export hub for the region. GDP growth has slowed to an estimated 3.4 percent in 2014 after growth of 3.9 percent in 2013. Export oriented industries are the bright spots for the economy, while lukewarm demand and rising costs (especially housing) are major impediments. Unemployment was 2.8 percent in 2013 and is around 2.4 percent in 2014.

Food Sales: As Malaysia imports 90 percent of its food, the value of retail sales closely aligns with food imports. Please click [here](#) for data on imported foods. Malaysia, Indonesia, Australia, U.S. and China are the country's main suppliers. In 2013, the U.S. exported about \$575 million in retail food products to Singapore, which ranked as the 13th largest market. Leading categories were dairy products (\$91 million), prepared foods (\$87 million), fresh fruit (\$60 million) and pork products (\$45 million). Singapore's location and trading hub status makes it an important market for exporters; about 20 to 25 percent of imported foods are re-exported.

Major Food Retailers: The retail sector is highly developed and competitive. The four major categories of retail activities are large retailers (including supermarkets and hypermarkets); convenience retailers; traditional stores, and specialty stores. The sector is dominated by a few players, with three firms holding overwhelming market share: NTUC FairPrice Co-operative, Sheng Siong Supermarket, and Dairy Farm International. Among these three, NTUC has the most market share. The chain has a strong presence across various grocery channels, e.g. supermarkets (FairPrice and FairPrice Finest); Hypermarkets (FairPrice Xtra); and also convenience stores (Cheers and FairPrice Xpress). While the primary targets are low to middle income consumers, the group reaches middle income consumers through its Finest chains. Sheng Siong also targets low income consumers, with most of their products sourced from regional countries and China. The company currently operates more than 25 supermarkets, with additional stores being opened. Dairy Farm trails NTUC and Sheng Siong in both customers and market share. The Group targets each consumer segment from the highest income consumers to discount stores with several supermarket outlets: Cold Storage, which caters to the middle to upper income consumers; The Market Place, which focuses on the high and upper-middle income consumers; and Giant, which offers fresh food and general merchandise, targeting value conscious shoppers; and Three-Sixty Gourmet Supermarket, which appeals to the highest income consumers.

Key Trends: Internet retailing is growing as more stores seek to provide greater convenience for their customers. In addition, more grocery retailers in non-established residential areas are gaining popularity. For example, FairPrice Finest is opening a 24 hour supermarket with an approximate area of 2,790 sq. m. at Singapore's first suburban waterfront mall in 2015. Specialty retail stores offering premium food products are also increasing in number. Demand for organic and "natural" products is growing. Retailers are also seeking to develop their own private labels/brands. Overall, Singapore is the region's trend-setter for new products and quality demands.

Market Behavior/Characteristics: As noted above, major retailers segment around different store concepts and target various groups through advertising. Retailers can thereby control access to shoppers and exert bargaining power over suppliers. Under these conditions, suppliers must bargain to gain retail space. Furthermore, retailers demand strong sales, and will remove sluggish performers. Large retailers buy direct to bypass distributors, especially for large volume product lines with long shelf-lives. The large supermarket chains also use appointed consolidators to organize combined shipments at source. Marketing and distribution costs are high, particularly for new product launches. Importers/retailers usually expect suppliers to invest in promotional campaigns and in tailoring products/packages to fit local requirements. Some will also organize trials for test marketing.

Advantages and Challenges for U.S. Exporters in Singapore’s Retail Market:

Advantages	Challenges
<ul style="list-style-type: none"> • Singapore imports 90 percent of its food. • Singapore is one of the wealthiest markets in the region. • Consumers are open to a wide range of foreign concept foods. • U.S. products/brands well-known, have a good reputation, and are well presented in the retail market, all of which enable U.S. products easier acceptance into the retail market. 	<ul style="list-style-type: none"> • Singapore’s retail market is mature, and growth is expected to be slow. • Singapore is a highly competitive market. • Some U.S. products do not fit into the local food culture. • Some new-to-market U.S. products do not always fit local demand on taste and packaging size. • Traditional suppliers Australia, New Zealand enjoy a freight advantage and can offer lower prices. • Product from China is gaining market share due to lower prices.

SECTION II. ROAD MAP FOR MARKET ENTRY

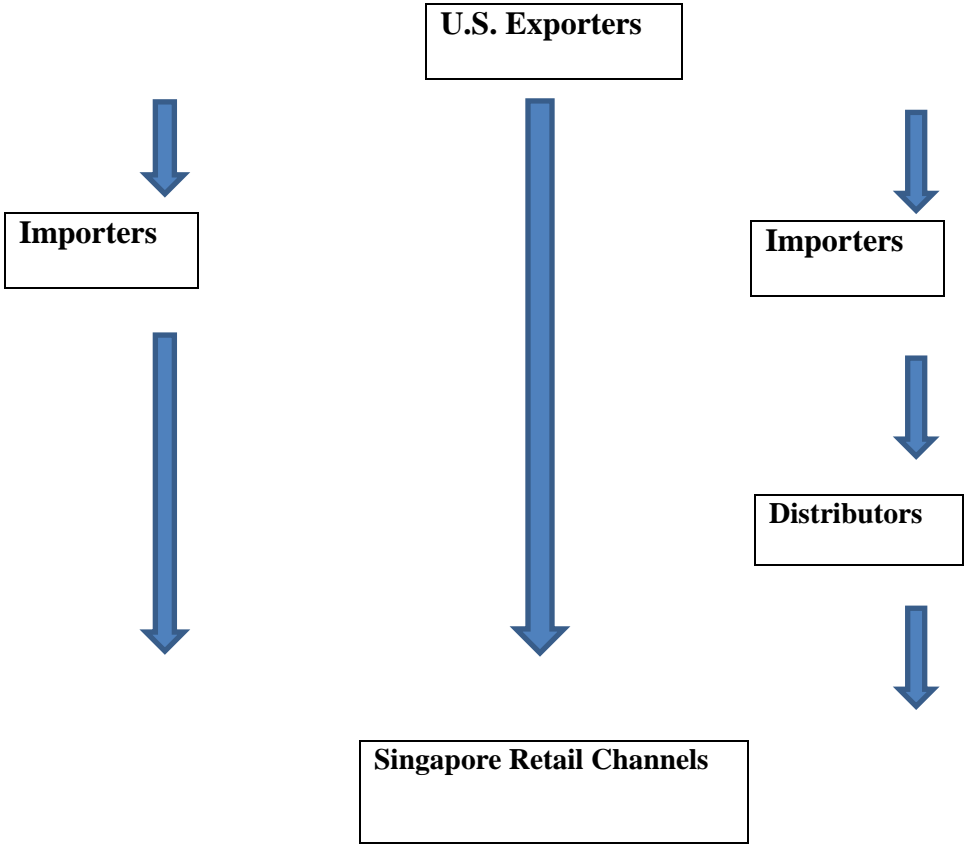
Entry Strategy

- First step is for exporters do their own research to confirm and target/specify the type of product, e.g. whether it is mass market, high-end niche, novelty; then develop an appropriate marketing strategy.
- Observe other successful U.S. products in the market.
- Appoint an experienced importer/distributor as strategic partner.
- Identify price point and brand space for product in the market.
- Modify packaging/labeling for local demand if necessary.
- Be prepared to provide promotional and educational support for launch of new products.
- Understand purchasing requirements and sales terms.
- Understand official documentation and certification requirements, particularly for fresh produce, meat, poultry, and fish.
- U.S. exporters should seek to place their products in the main supermarkets (Cold Storage, Market Place, FairPrice Finest, Meidi-Ya, and Isetan) to ensure a sustained market presence.

Market Structure

Distribution Channels: Food and beverage products are distributed through local importers/distributors, who in turn supply to retailers. Large retailers also procure directly. Many have their own warehousing facilities to store and/or repack goods. Distribution to wet markets, hawkers, and small neighborhood stores is usually managed by a number of intermediary wholesalers. However, market penetration of U.S. products in these alternative channels is limited.

Flowchart: Distribution of Consumer Ready Food and Drinks in Singapore



Company Profiles

A. Super Stores, Supermarkets, Hypermarkets Or Super Centers, Club And Warehouse Outlets

The table below provides information on the major retailers:

Retailer	Outlet Types	Annual Sales (\$ mil) (2013)	No of Outlets	Location	Procurement method
Fairprice (cooperative)	Super, hyper, convenience, and online.	1,904 20 in internet sales	270 outlets	Country-wide	Direct, some agents for small volumes.
Dairy Farm International	Super, hyper, convenience stores	1,642 13.5 in internet sales	848 outlets	Country-wide	Direct
Sheng Siong	Supermarkets	\$30.5 million (net profit)	33 outlets	Country-wide	local agents, with some direct.

Other major retailers with fewer supermarkets include two Japanese retail stores: 1) Meidi-Ya Singapore, an overseas branch of Meidi-Ya Co Ltd, one of Japan's premium supermarket operators; and 2) Isetan Supermarket, another Japanese chain. Mustafa supermarket has a single location in Little India, carries a variety of products, with emphasis on those from India.

B. Convenience Stores And Other Small Format Stores

Company Profiles

Traditional convenience stores include: 7-Eleven with around 560 outlets (25 percent of which are owned by Dairy Farm Group); Cheers (Fair Price group) with 123 outlets, and Fair Price Xpress has 24 outlets. Another chain, I-Econ group caters to the lower and middle income consumers. In addition, other retail chains offering personal care products along with food and beverages include: Watsons Personal Care, over 90 stores; Guardian, over 140 stores; Unity Pharmacy, 50 stores; Nature's Farm (health and supplements retail chain), 25 stores; and GNC with over 60 franchised stores.

C. Traditional Markets – “Mom And Pop” Small Independent Grocery Stores And Wet Markets

Sub-Sector Profile

With the exception of fresh fruits destined to wet markets, U.S. sales to this sub-sector are limited. These stores carry mainly local, or imported foods from the region and China. The other exception is small independent boutique shops, which specialize in wine or “natural” foods.

SECTION III. COMPETITION

U.S. exports of agricultural products to Singapore totaled \$753 million in 2013.

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages\Disadvantages of Local Suppliers
Dairy Net Imports: \$1,146,378,939	<ol style="list-style-type: none"> 1. New Zealand: 32% 2. Australia: 20% 3. U.S.: 8% 4. Malaysia: 6% 	<p>NZ: freight adv. and exportable supplies; traditional supplier</p> <p>Australia: freight adv.; leads in liquid milk; and processed cheese. Retailer’s in-house brands are imported from Australia.</p> <p>U.S. exports \$92 million in 2013.</p>	<p>Local dairy companies are strong competitors and have brand/name familiarity with the domestic consumers.</p> <p>The local brands include Magnolia, Farmhouse, Daisy (F&N), and the Malaysian dairy industries – HL and Marigold.</p>
Breakfast cereal Net Imports: \$37,279,348	<ol style="list-style-type: none"> 1. U.S.: 24% 2. Malaysia – 17% 3. China - 13% 4. Thailand – 10% 	<p>International brands dominate: Kellogg’s (U.S.) and Post (U.S.); imported directly from U.S. or from regional facilities.</p>	<p>Singapore does not produce breakfast cereals.</p>
Beef and Offal	<ol style="list-style-type: none"> 1. Australia: 41% 	<p>Australia has</p>	<p>Singapore does not produce</p>

<p>Net Imports: \$216,579,205</p>	<ol style="list-style-type: none"> 2. Brazil: 20% 3. New Zealand: 15% 4. U.S.: 10% 	<p>freight adv and enjoys status as traditional supplier; NZ also price competitive.</p> <p>Brazil competes in frozen beef segment.</p> <p>U.S beef caters premium market and only boneless beef eligible for entry.</p>	<p>beef.</p>
<p>Pork and Offal Net Imports: \$309,265,881</p>	<ol style="list-style-type: none"> 1. Brazil: 31% 2. Australia: 14% 3. U.S.: 12% 4. Netherlands: 12% 	<p>Brazil dominates the frozen segment while Australian pork dominates the fresh/chilled market due to its close proximity and the well-developed air-flown supply chain.</p> <p>U.S. processed pork is popular.</p>	<p>Live pigs from Indonesia are imported and slaughtered; most of this meat is sold wet/traditional markets supermarkets.</p>
<p>Poultry Net Imports: \$280,314,504</p>	<ol style="list-style-type: none"> 1. Brazil: 74% 2. U.S.: 14% 3. Argentina: 6% 4. France: 1% 	<p>Brazil is most price competitive. Notable Brazilian brands include Borella, Sadia and Seara.</p> <p>U.S. has been losing market share.</p>	<p>Malaysian live chickens are imported and slaughtered. It is a dominant product in the market and in high demand based on traditional demand traits.</p>
<p>Snacks Net Imports: \$389,006,705</p>	<ol style="list-style-type: none"> 1. Malaysia: 16% 2. U.S. : 10% 3. Italy: 9% 4. China: 8% 	<p>Product from Malaysia and international brands (e.g. Mars, Nestle, Mondelez) from</p>	<p>A strong local snack manufacturing sector exists, but is, so room for remains.</p>

		ASEAN and China dominate. Stiff competition for shelf space. U.S. top category is chocolate.	
Eggs and products Net Imports: \$129,699,037	<ol style="list-style-type: none"> 1. Malaysia: 89% 2. China: 5% 3. Vietnam: 2% 4. U.S.: 2% 	<p>Malaysia has close proximity and lower transportation costs; AVA.</p> <p>Strict import requirement limit U.S. opportunities.</p>	Three local farms produce eggs, and are seeking various ways to differentiate their eggs.
Fish and seafood Net Imports: \$ 1,009,497,023	<ol style="list-style-type: none"> 1. Malaysia: 13% 2. Indonesia: 13% 3. China: 11% 4. Vietnam: 10% 13. U.S.: 2% 	<p>Price competitive ASEAN countries and China dominate.</p> <p>Fresh/chilled/prawns, live crabs, frozen cuttle fish, and squid are key products.</p>	<p>Ninety percent of fish and seafood market is imported. The remainder is supplied by the 100 sea-based aquaculture operations.</p> <p>Production is increasing.</p>
Fresh fruits group Net Imports: \$ 485,680,123	<ol style="list-style-type: none"> 1. U.S: 18% 2. China: 15% 3. Malaysia: 10% 4. South Africa: 10% 	<p>Top U.S. fresh fruits: grapes, oranges, strawberries and apples. U.S. dominates sales of these fruits when they are in season.</p> <p>Very competitive market with supplies from all source</p>	In general, Singapore does not produce fresh fruits.
Fresh vegetables Net Imports: \$ 435,842,769	<ol style="list-style-type: none"> 1. Malaysia: 37% 2. China: 26% 3. Australia: 7% 4. Thailand: 5% 7. U.S.: 4% 	<p>Top suppliers have freight advantage in shipping these perishable products. U.S. products are air-shipped and caters to the premium market.</p>	In general, Singapore does not produce fresh vegetables or does not produce products that compete with U.S. vegetables.

<p>Dried fruits and nuts (HS code: 08) Net Imports: \$ 627,134,854</p>	<ol style="list-style-type: none"> 1. U.S.: 19% 2. China: 13% 3. Indonesia: 9% 4. Malaysia: 9% 	<p>U.S. nuts are very popular. Some are repacked and sold under local brands.</p>	<p>Singapore is not a major producer of edible nuts and dried fruit.</p>
<p>Non-alcoholic beverages Net Imports: \$ 80,568,826</p>	<ol style="list-style-type: none"> 1. Indonesia: 32% 2. U.S.A. : 18% 3. Malaysia: 14% 4. Thailand: 4% 	<p>Regional fruit juices dominate food service products. U.S. leads the chilled retail-packed fruit juices. Notable U.S. brands include Welch’s, Del Monte, Minute Maid FL Citrus, Ocean Spray.</p>	<p>A strong sector in fruit juices,, including Fraser & Neave, Malaysia Dairy Industries, and Pokka Singapore.</p>
<p>Wine and Beer Net Imports: \$ 728,518,067</p>	<ol style="list-style-type: none"> 1. France: 52% 2. Malaysia: 8% 3. Australia: 7% 4. Vietnam: 5% 7. U.S.: 3% 	<p>France dominates the premium wine market. Australia dominates the retail market with a broad range of products from “mass market” to premium. The U.S. competes both on the “mass market” and premium products.</p> <p>For beer, Asia Pacific Breweries (APB) and import leader Carlsberg (Malaysia) dominate the domestic market.</p>	<p>Singapore does not produce wines.</p> <p>The local market is dominated by Asia Pacific Breweries (APB) – Carlsberg is in second place – with its high profile and well distributed channels. APB’s brands include Tiger, Heineken, Guinness, Anchor, and ABC Extra Stout.</p>
<p>Pet food (dog and cat food) Net Imports: \$ 32,694,280</p>	<ol style="list-style-type: none"> 1. U.S.: 30% 2. Thailand: 29% 3. Australia: 12% 4. Canada: 5% 	<p>Mars Pet Food and Nestlé Purina brands dominate.</p>	<p>Singapore does not produce retail packed pet foods.</p>

Source: Global Trade Atlas

SECTION IV. BEST PRODUCT PROSPECTS

Aside from four tariff lines covering beer and certain other alcoholic beverages, Singapore does not impose tariffs on imported goods.

Category A: Products Present in the Market With Good Sales Potential

Product Category	2013 (Retail Volume) (000 tons)	5 year growth	Key constraints over market development	Market attractiveness for U.S.
Breakfast Cereal	3.6	22%	Locally produced brands very strong.	Younger generation consuming more cereals and high expat demand.
Fresh fruits	376	11%	Strong competition from regional countries. Purchases are a function of suppliers' harvesting season	High demand for U.S products, including premium fruits such as strawberry, plums, berries,

			and price.	and avocados.
Edible nuts	50.8	32%	Price sensitivity to cheaper Chinese products.	Strong demand for U.S. nuts.
Pet food	9.95	25.3 %	Multinational companies dominate retail shelf space at pet food outlets.	Growing demand for pet food, especially premium and healthier products.

Category B: Products Not Present in Significant Quantities But Have Good Sales Potential

Product Category	2013 (Retail Volume) (000 tons)	5 year growth	Key constraints over market development	Market attractiveness for U.S.
Fish and Seafood	133.4	7%	Intense competition from lower cost regional suppliers, including China.	High fish consumption, second only to Japan, with fish and meat accounting for approximately 40% of a typical diet.
Pork	105.9	14%	Strong competition from air-flown fresh Australia product, and frozen Brazilian product at the lower segment.	Major protein food staple; good prospects in high-end outlets where buyers pay premium for higher quality.
Fresh Vegetables	469.5	12%	Price sensitivity for some vegetables, such as asparagus; lower priced alternatives from mainly regional markets.	Solid demand for U.S. products, consumers will pay premium for fresh air-flown product.
Fruit juices (Naturally healthy 100% juices)	12.9	12%	Fierce competition from both local and product.	Strong demand for healthy products, and U.S. product has strong brand recognition.
Wine	10.4 liters	40%	Diverse competitive market, with a massive number of labels and origins.	Broad market, with many opportunities.

Category C: Products Not Present Because They Face Significant Barriers

Product	2013	5 year	Key constraints over market	Market
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Category	(Retail Volume) (000 tons)	growth	development	attractiveness for U.S.
Bone-in Beef	23.2	19.8	Only fresh/frozen boneless beef derived from animals less than 30 months of age is eligible for entry.	Good potential in premium sector.

APPENDIX I. POST CONTACT AND FURTHER INFORMATION

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