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Retail Foods

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Report Highlights:
Singapore has a dynamic retail market, with several retailers carrying a diverse range of products, from basic in-house labeled products to high end specialty and organic foods. Demand is underpinned by an affluent domestic population, and also one of the largest expatriate communities in East Asia. U.S. products have some market share, but competition is fierce in this relatively open market.

Post:
Singapore

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I. MARKET SUMMARY

1. Singapore in summary

Singapore is an ASEAN member state that sits at the heart of the ASEAN (Southeast Asia) region, which is now coming together under the ASEAN Community. It is ASEAN's most affluent nation with its GDP per capita reported at more than US$ 52,000 today.

Its economic growth patterns now track that of the world economy because its export manufacturing sector has key targets in North America, Europe and Japan. Current estimates of economic growth are becoming increasingly cautious because of the problems in the EU, concerns over China's apparent slowdown and also some worries over the USA after the Presidential Election is over. Because it is already a high income economy, analysts suggest that its medium term growth is likely to average between 3% and 5% per annum, which would be largely supported by its involvement with a dynamic Asian regional economy.

Although its domestic population is small at around 5 million persons, it is one of Asia's largest importers of agrifoods, processed foods and drinks. Its imports of such products were valued at US$ 12.1 billion in 2011. The high value of imports exists because Singapore does not produce much food and is a re-export base for many products that are ultimately consumed in other parts of Asia.

In essence, it is a free port style showcase for products that can be marketed through its re-export channels. A multitude of products are re-exported, some of which are relevant to the USA, e.g. frozen meat and poultry, fresh fruits and vegetables, confectionery, cookies, canned foods, sauces, soft drinks, alcoholic drinks and pet food. Key re-export destinations exist across the region, with Indonesia becoming more important every year as a result of its economic boom.

Singapore's domestic population is quite well segmented and ranges from lower income to the super-rich, which is reflected in the strategies of the food and drink retailing industry. The bulk of the population is regarded as middle income consumers, who are gainfully employed and lead a relatively comfortable lifestyle, albeit in an environment of dramatically increasing living costs. Singaporeans represent the largest pool of active consumers who will continue to drive increased consumption of imported food and beverages into the future.

In addition to this, one of Asia's largest populations of expatriates, including a large American community, is a market for a wide range of products that do not have significant demand from Singaporeans. Trade sources comment that this market is also being impacted by higher costs (housing, especially) and scaled-down expatriate benefits, because Singapore is no longer a hardship location. Added to this are problems arising from being paid in foreign currencies, which have weakened significantly against the S$ in recent years, e.g. the US$, which has weakened by around 20% since 2009.

There are varying reports in Singapore about consumer confidence ranging from a neutral stance to one of growing pessimism. When considered in terms of longer term trends, consumer confidence in the broader population is reported by retailers to at a low level in 2012. This situation arises from the weaker economic conditions now being reported. Inflation is being reported at around 5%, which is very high on a historical basis for Singapore. While the government is controlling inflation of basic products, the costs of housing, transportation and power/water continue to increase at quite high rates.

Trade sources comment that the lack of consumer confidence results in many consumers becoming involving in “bargain hunting/seeking” in retail channels. This “bargain seeking” trend is supported by a recent Neilsen survey of on-line shopping in Singapore, which revealed that close to 60% of Singapore’s on-line shoppers are seeking bargains, which is much higher than the Asia Pacific average at around 40%. This trait is confirmed by retailers in their comment that in some categories, the bulk of sales are now being made only when a price promotion is run and, that in many cases, only the brand being promoted sells in high volumes.

Economic growth forecasts for 2012 now range from 0.8% to 1.5%, with the possibility of a technical recession arising within 2012. Forecasts for 2013 are reported by economic analysts to be a *“bit hazy”*, mainly because of the uncertainty situation over what is going to happen in the Euro-zone. Some analysts foresee growth at between 3% and 4% under the current status quo situation, but warn that a real recession could be on the horizon, if the Euro-zone crisis worsens and China’s apparent economic slowdown turns out to be worse than is currently being reported.

Another factor is also coming into play in the future development of Singapore’s food and drink market, namely slower population growth than over the past 10 years. This arises because the Singapore government is limiting inward migration as a result of complaints from its electorate over the rapid pace of such migration between 2006 and 2010.

2. Singapore’s food retail and wholesale market

According to the government’s 2010 retail industry survey:

- Singapore’s food and drink retailing sector comprises about 3,000 supermarkets, hypermarkets, department stores, convenience stores and provisions shops that sell agrifoods, processed food and drinks. In addition to this, Singapore also has around 1,300 other specialty food and drinks outlets. The sector, which employs around 38,000 people, reported total sales of US$ 9.1 billion in 2010.

Trade sources comment that this fragmented situation is correct, although it hides the fact that food and drink retailing is now concentrated within the supermarket, convenience store and chain store sub-sector, which reports total sales of around US$ 3 billion in 2010. These channels are the most important targets for agrifoods, processed food and drinks imported from the Developed World, and from the ASEAN and Asian based manufacturing plants of the multinational food and drink companies.

Modern retailers now control up to 60% of the retail sales of most retail packaged food and drinks. Such retailers control lower shares of sales of indulgence products such as confectionery, ice cream and soft drinks (between 60% and 70% share), which need broader based distribution channels.

The balance of the industry comprises a large number of small family owned shops, which range from neighbourhood grocery (Mom and Pop-type) stores to high end specialty shops, e.g. retailing wines and spirits, and others such as butchers, bakeries and confectionery shops.

The sector also includes traditional wet and dry markets, but these only carry limited products that are relevant to U.S. exporters, with such products including fresh produce, i.e. apples, oranges, grapes, plums, potatoes and celery. Due to the weaknesses in the mass market, this is now an area of the market where better quality produce imported from China is making competitive headway against the USA and other Developed World suppliers.

These neighbourhood-based markets are still important because the older generation (over 45 years of age) and lower and middle income groups like to shop in them for fresh products, i.e. meats, poultry, fish, seafood and fresh produce. They are reported to have developed into an occasional shopping for more wealthy Singaporeans, many of whom only use them at weekends. Based on newly announced government investment policies for neighbourhood development across Singapore, these markets will not disappear from the retail industry in the foreseeable future.

- Singapore's wholesaling industry involved in trading in food, drinks and tobacco is highly fragmented. The industry comprises 3,100 firms with total sales estimated at around US$ 7 billion in 2010.

This situation is confirmed by industry sources, with many being family-owned businesses involved in commodity style exports, mainly re-exports of products from Singapore. These companies are handling imports from the Developed World. Some are also regional marketing operations of multinationals, e.g. those involved in the alcoholic drinks industry.

As Singapore imports most of its foodstuffs, the global changes in commodity and freight prices have a direct impact on retail sales of agrifoods, food and drinks. In some cases, i.e. staple foods, this impact was delayed by retailers holding back on increasing prices for fear of damaging their markets. Singaporeans are generally price sensitive, and become even more so in times of economic uncertainty and actual economic downturn.

The uncertainties that exist in the economy through 2012, and continuing high levels of inflation versus its normally very low level of less 2%, have resulted in Singapore having the lowest consumer confidence rating in ASEAN (Southeast Asia) according to MasterCard International's recent studies on this matter.

A review of the financial statements of retailers and wholesalers as part of this study indicates that businesses that are focused on the high-end of the market are doing very well in terms of their growth in sales and profits. This exists because Singapore's highest income groups are willing to spend on high quality and indulgent specialty foods and drinks, as well as products that have some other form of differentiation, e.g. organics or wellness products.

In the other areas of the market, i.e. the mid-range and mass market, the situation is complex with:

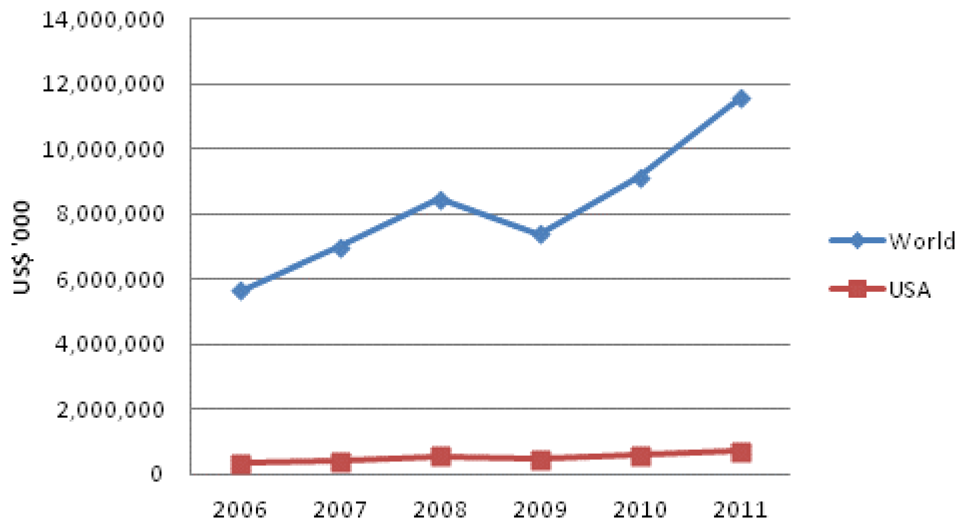
- traders in staple foods and targeting the lower end market having problems due to higher product costs, higher business costs and pressure from major retailers to maintain low prices. This is also reflected in the retailers serving this area of the market, where a damaging price war occurred in the first quarter of 2012; and,

- distributors serving the mid-range market are only doing well if they are operating with a well differentiated brands that are being supported through advertising and promotions in retail. The tendency in this area of the market is now to drop imported brands that are not supported by their principals and so are deemed non-performing. In retail, this results in an expensive delisting of such products.

3. Singapore's food imports

Singapore's imports of agrifoods, processed food and drinks increased in value to around US$ 12 billion in 2011, up from US$ 5.7 billion in 2006. The USA's share of Singapore's imports is small and ranged from 6% to 7% over the past 5 years (see chart below).

Recent Trends in Singapore's Imports of Agrifoods, Processed Food and Drinks – 2006 to 2011

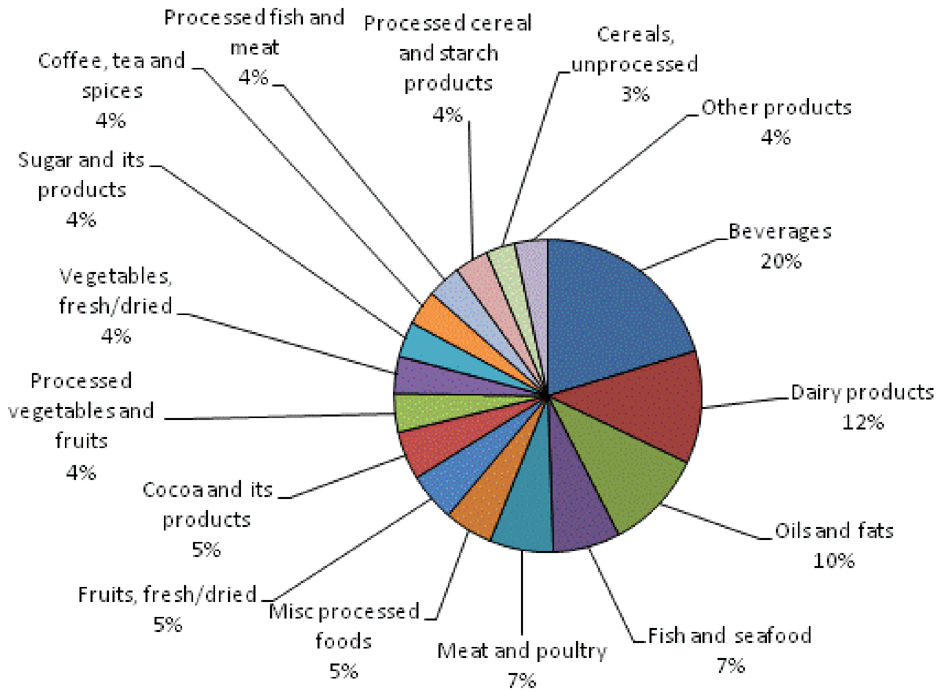


Source: Official Trade Statistics

As can be seen from the Chart above, Singapore's imports surged from their 2010 levels. This growth is driven by a complex range of factors, most related to the food service industry and to growth in re-exports driven by the boom in its neighbouring economies. The USA continues to be a minor supplier of agrifood commodities, processed food, drinks to Singapore.

Singapore is not a major producer of agrifoods or processed food and drinks, consequently, its imports of these products are diverse and broad based (see chart below).

Singapore Imports of Agrifoods, Processed Food and Drinks – US$ 11.6 Billion in 2011



Source: Official trade statistics (Excludes animal feed and other non-food products)

Its imports are diverse, largely because its domestic production is not broad based and, additionally, because its re-exporters are trading a wide range of products into the Asian region.

Beverage imports lead the market because of the strategy of using Singapore as a hub for re-exporting alcoholic drinks. As an example, re-exports of spirits, i.e. whisky, cognac, vodka, etc., comprised around 90% of total imports in 2011.

Re-exports also tend to be high in frozen meat, poultry and offal, certain fresh and dried fruits and vegetables, confectionery, canned products, beer and soft drinks and juices. The bulk of many other products categories are consumed in Singapore, e.g. chilled foods, e.g. dairy and meats, perishable fruits and vegetables, and some types of frozen foods.

4. Advantages and challenges for U.S. exporters in Singapore's retail market

Advantages (Sector Strengths and Market Opportunities)	**Challenges (Sector Weaknesses and Competitive Threats)**
• Singapore is reliant on imports for virtually all of its food and drink supplies. This situation will not change in future. • Singapore is one of the wealthiest markets in Southeast Asia, and it is a key location for expatriate families to reside in East Asia. This situation will not change in future. It also has a very small lower income group, so virtually the whole population is a target market. • Singaporeans have a modernized diet that includes a wide range of foreign concept foods, which has expanded on the back of demand from the younger generation (under 40s). • Singaporeans are open to products from the Developed World that is high quality and value-for-money. The population has a large number of single adults who are very clearly indulgent in their spending patterns when economic times are good. This benefits premium imported meats, some dairy products, exotic fruits, confectionery, wines and spirits, gift items and pet foods. • Singaporeans generally perceive the USA and its brand-owners as quality suppliers of food and drink products. • U.S. brand-owners and some USDA cooperators have good shares in some of Singapore's mainstream market segments (breakfast cereals and some fresh fruits) and smaller niches (organics).	• Singapore's retail food market is now in a maturing state, i.e. still growing but not growing at the rapid rates seen in the past 10 years or so *(Note: The Singapore government now has a policy that will reduce growth in emigration into Singapore and so much slower population growth rates than in the past).* • Singapore's now evident multi-track market is creating challenges for products that are commodities, poorly differentiated or not well supported by marketing activities in retail channels. The market for staples is also weak and mature under current weak economic conditions. • Singaporeans are generally price sensitive when it comes to buying everyday food items, e.g. meat and poultry, fresh fruits and vegetables, breakfast cereals (a younger generation product) and soft drinks. This is underpinned by imported food price inflation over the past 5 years. It has provided opportunities for ASEAN-made and Chinese suppliers to increase their market shares at the expensive of exporters in the Developed World, e.g. the USA and Australia. • The Singapore market is well segmented with competition now coming for U.S. exporters from the factories of Asian/ASEAN based multinationals, China (upgrading supply bases) and the "traditional" supply bases in Australia, the EU and New Zealand. • U.S. exporter weaknesses in not always servicing Singaporean importers, retailers and end consumers in a way that

	closely meets with their demand requirements and expectations, e.g. on order sizes, packaging sizes and formats, taste, pricing that “fits” the market (marking to market), and for promotional support. This trait is viewed negatively by importers. • Some products that are exported from the USA are not understood by Singaporeans and are never explained to them, e.g. ready-to-consume prepared TV dinners. Such products do not have a “fit” in local food culture. • The government is continuing to express concerns that the developing crisis in the Developed World, specifically the EU, will have negative impacts on Singapore’s economic prospects at some stage over the next 3 years. It also has some concerns over the slowdown in China and uncertainties over the situation in the U.S. economy after the election is over. Domestically, it is still concerned that a possible bubble, now in all areas of the housing market, could become a problem should the EU’s problems spin-off into a major global economic crisis.

II. ROAD MAP FOR MARKET ENTRY

5. Entry strategy

Singapore is a highly competitive market that operates in an environment where:

- there are very powerful retailers that control access to shoppers and have very strong bargaining power over suppliers of all forms of food and drinks, fresh, frozen and shelf stable retail packed.

The major supermarket and hypermarket operators control the whole retail market by actively segmenting it around different store concepts (and store brands/banners) and merchandising strategies that target the low income group through to the high income groups and expatriates;

- the mass “middle income group” market in Singapore, i.e. the bulk of Singaporeans, is price sensitive towards foreign food and drinks that are more expensive than local products; and,

- marketing and distribution costs are extremely high for new product launches and also high for the on-going maintenance of market shares and positions.

Local products now include market leading ASEAN-made products imported from Malaysia, Indonesia, Philippines, Vietnam and Thailand. This supply scenario now includes the food and drink multinationals that now have factories in the ASEAN region that manufacture products that were originally imported from the Developed World, e.g. ice cream, tea, sugar confectionery, chocolate, cookies, breakfast cereals, snacks of various types, soups and soft drinks.

This market scenario is evolving further because the retailers are very profit margin and “money” driven because of their very high overheads, especially store rentals, with:

- retailer labeled products become more evident on shelves; and,

- more direct buying by retailers’ taking place. This now involves specialty products from the Developed World, e.g. organics, and niche products that are specifically demanded by expatriates.

In view of the challenges from “retailer power” that exist in the market, importers now have a high level focus and demand to work with exporters that:

- are fully committed to develop their markets in Singapore, in terms of a willingness to deal with local demands for promotional campaigns, products and packages that fit into demand conditions;

- have a product and brand that is unique enough to break into the market; and,

- are flexible into terms of their short term returns and profit goals, and, very importantly, have a medium to long term strategy and action plan to build their market in Singapore.

This situation exists because suppliers in Singapore have very little power to deal with the demands of retailers when it comes to accessing retail space for their products. Trade sources comment that everything now revolves around the cost of accessing such space, maintaining a listing (avoid delisting) and so the ability to consistently access shoppers.

In view of this situation, it is very important that U.S. exporters do not assume anything about the Singapore market or its demand for their products. There is now a significant risk of high learning costs, actual costs (wasted listing fees, promotional costs, etc.) and the disappointment of failure to build any form of market.

It is very important that exporters with an interest in developing a market in Singapore should perform research on their own specific opportunities to confirm and clarify exactly where in the market they are for their products. Very importantly under the conditions in the market in 2012-13, this should include what the product's unique selling propositions are under Singapore market scenarios. In addition to this research, it is just as important to:

- study what successful U.S. exporters have done in practice to build their retail markets in Singapore, e.g. the benchmarks that have been set by U.S. origin dried fruits, breakfast cereals, certain fresh fruits, nuts and vegetables, and non-Asian sauces;

- develop a sound export business and marketing strategy under which their products are well targeted, well segmented, well distributed and well differentiated from the competition in a very competitive market. In view of the competitive challenges from Chinese and ASEAN-origin products in some markets, this should include a more proactive industry-level strategy; and,
- identify and appoint a knowledgeable and experienced and fully resourced importer-distributor as a strategic partner to activate the new export business and marketing strategy for the Singapore market.

Some points that US exporters should consider questioning when planning to enter the Singapore retail market are as follows:

- 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;

- U.S. products which can be readily accepted as alternatives/substitutes to competing products;

- U.S. products that can readily fit into local food culture;

- U.S. organic products and health food products that can meet retailer's requirements;

- U.S. 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; and,

- Ability to meet retailer purchasing requirements and specifications.

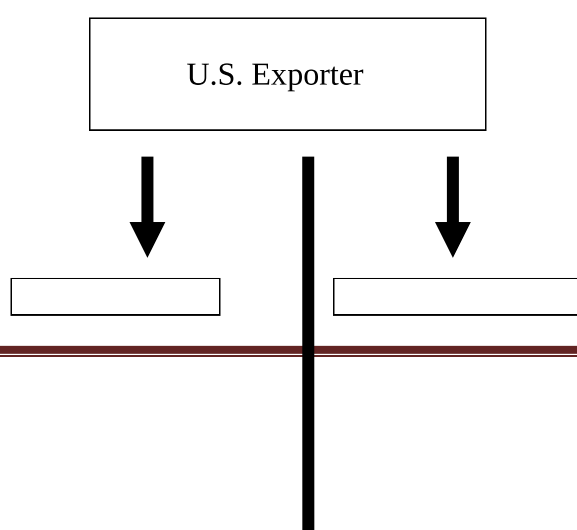
6. Distribution channels

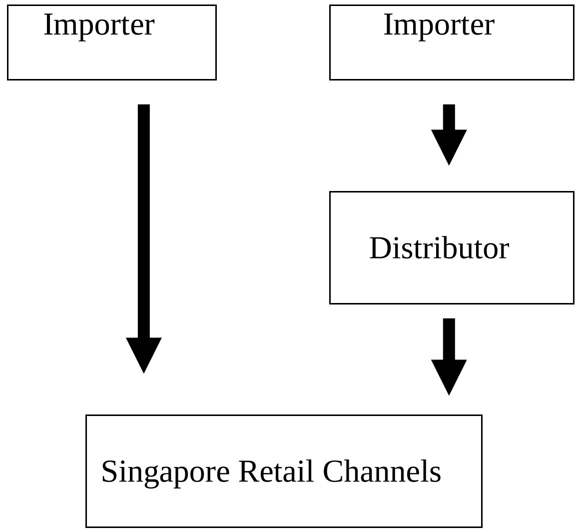
As pointed out earlier in this report, Singapore's distribution channels for consumer ready foods are now concentrated around supermarkets and hypermarkets. Added to this scenario are two leading convenience store chains, which are also controlled by the market leading supermarket operators.

While there are alternative channels, e.g. the wet and dry markets, small "mom and pop" type shops, mini-marts and some specialty food and drinks shops, trade sources comment that these channels can no longer support imported products from USA under a strategy of building a sizeable market and share into the long term.

The broad message to U.S. exporters is that their brands and products have to be in Singapore's main retailing channels, i.e. supermarkets, hypermarkets and convenience stores, if they want to have a successful and sustained future in the Singapore retail channels. As the major supermarket operators are heavily into seasonal gift retailing, premium and specialty products, organics and expatriate-targeted products due to their market segmentation strategies, this position is broadly true for both niche and mass market type products.

Distribution of Consumer Ready Food and Drinks in Singapore





The strategies of the retailers in segmenting the market means that it is possible for a shopper to buy a huge range of different products from across the world, including many products that are in the supermarkets or other large format stores in the USA. This arises because of consolidated shipments imported either by the retailer, a part of its group, or an independent importer-distributor.

7. The retail industry and market structure

Large format stores

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

Retailer Name and Ownership	Outlet Types	Annual Sales in US$	No of Outlets	Locations	Procurement Method
Fairprice (Local	Supermarkets and	2,134 million	Operates with 230 outlets including	Island-wide	Direct sourcing preferred with

cooperative)	hypermarkets		hypermarkets under the Fairprice Xtra banner (4 outlets), high end supermarkets under the FairPrice Finest banner (7) and FairPrice supermarkets (100), plus mini-supermarkets and a chain of convenience stores.		some agents used for smaller volume supplies
Cold Storage group * and Giant (Owned by DFI, a Hong Kong based listed company)	Supermarkets and hypermarket	1,510 million.	44 Cold Storage supermarkets. 6 The Market Place high end supermarkets and 9 hypermarkets under the Giant banner.	Island-wide	Direct sourcing preferred, together with a number of local preferred agents used.
Shop n Save (Owned by DFI, a Hong Kong based listed company)	Supermarkets	264 million	60 supermarkets.	Island wide	Direct sourcing preferred, together with a number of local preferred agents used.
Sheng Siong Supermarket	Supermarkets and hypermarkets	462 million	25 stores, mainly supermarkets.	Island wide	Local agents are important, but this company is increasingly sourcing on a direct basis from overseas suppliers.
Carrefour	Hypermarkets	Around 100 million	2 hypermarkets.	According to Carrefour's HQ, this operation will close on or before 31 December 2012.	
*: The Cold Storage group of supermarkets also includes Jason's and The Market Place banners.					

Singapore also has some smaller chains of supermarkets, the biggest of which is reported to be Prime

Supermarkets, which reported annual sales of about US$ 15 million in 2011. In addition to this chain, it also has some other single site stores that carry imported products:

- two sizeable and high profile Japanese retail stores, which import Japanese products direct from Japan and source most other products locally from Singapore based importers:

    - Meidi-ya Singapore, which is an overseas branch of Meidi-ya Co Ltd, one of Japan's food companies and a premium supermarket operator in Japan; and,

    - Isetan Supermarket, which operates as part of Isetan (Singapore) Limited, a Singapore listed department store operator that is majority owned by Isetan Japan.

- the Mustafa Department Store that operates a supermarket within its department store, which has a single location in the Little India area of Singapore. Trade sources comment that this store is often used by importers to sell products that they are having difficulty selling through other more mainstream retail channels in Singapore. It has a wide range of products, which include products sourced from all over the world, and a strategic focus on products of Indian origin.

The key channels to target for U.S. products are the following, which are used by higher income Singaporean shoppers and expatriates:

- DFI/Cold Storage group, in particular The Market Place and Cold Storage supermarkets; and,

- FairPrice, especially the FairPrice Finest supermarkets;

- Carrefour. (Note: At the time of the research, i.e. August 2012, Carrefour's head office announced that it plans to close both of its hypermarket outlets in Singapore by 31 December 2012, due to its inability to develop any form of market leadership in the retail industry in the medium to long term);

- Meidi-ya Singapore and Isetan Supermarket, both of which carry U.S. products as part of their merchandising policies, e.g. meats, fresh produce and wines.

These channels accept a much wider range of Developed World products than any others existing in Singapore today. As mentioned earlier, it is possible to buy a wide range of U.S. and other Developed World food and drink products in Singapore, with the main channels being the above stores.

Certain U.S. origin products, e.g. fresh and dried fruits, fresh vegetables of certain types, snacks, breakfast cereals, wine, ice cream, processed meats and confectionery, will also have market opportunities in Shop n Save, Giant hypermarkets, some of the larger second-tier FairPrice stores and Sheng Siong that are frequented by expatriates.

7.2 Convenience stores and other small format stores

Although having a smaller share of the food and drink retailing industry than the supermarkets and hypermarkets, Singapore's convenience and other small format stores are very important channels for certain types of products.

This sector of Singapore's industry comprises:

- chains with a broad based focus in terms of the products that they carry:
- chains of convenience stores; and,
- small format supermarkets, known as minimarts, some of which are operated by the supermarket operators.

The market leaders in this sector are:

- 7-Eleven, which operates around 560 outlets across the island, with about 25% of them run by the earlier mentioned Cold Storage group, whose owner Dairy Farm International (DFI) is the Singapore strategic partner for 7-Eleven Incorporated;
- Cheers (another FairPrice group banner), which 123 outlets are operate on all across the island, including on site at Esso gas (petrol) stations in Singapore; and,
- FairPrice Xpress, of which there are 24 stores operating on an island wide basis with many also located at Esso gas stations.

Another player in this area of the market is the i-Econ group of value-for-money franchised neighbourhood grocery stores, which operates under Hanwell Holdings (formerly known as PSC Corporation Ltd) group, a diversified group of companies listed on the Singapore Stock Exchange. Although this group claims to have the largest chain of minimarts in Singapore, it is not likely to be a major channel for food and drink products exported from the USA because its focus is on lower and middle income consumers who live in Singapore's heartlands and who are seeking value for money products.

Accessing the main chains of convenience stores and mini-markets can be very difficult for imported products. The merchandising policies in these stores and small retail display space mean that products being carried by them are rapidly selling products that are in high demand by Singaporeans. For this reason, the products that are carried are generally locally/ASEAN produced and branded, or are multinational branded products, which are heavily supported by A&P (advertising and promotional) campaigns on a year- round basis in the broader Singapore market.

- chains that have a more specialised focus in terms of the products that they carry:
- chains of personal care / pharmacy type stores that carry certain food and drinks; and,
- chains of stores that retail healthy foods and nutrition supplements.

These chains include:

- Watsons Personal Care, which has around 95 stores located in major shopping centre or shopping streets across the whole of Singapore island. While this chain is focused on personal care, beauty and pharmaceuticals and nutraceuticals, it also carries a range of food and drinks targeted at the convenience seeking shopper and also gifts, e.g. chocolates and cookies. It tends to boost its range of gift food products during festive seasons.
- Guardian, which is part of the Cold Storage/DFI group, has about 140 stores located all over the island. Its main focus is on pharmacy operations and health and beauty products. Its range of food products is linked very closely to its core focus, e.g. dietetic-type / special needs products.
- Unity Pharmacy, which is owned by the NTUC Healthcare Cooperative, and operates around 50 stores located all over the island. Like Guardian, Unity is very focused on its core business, so the food and drink products carried are usually dietetic-type / special needs in nature.
- Nature's Farm, a health food and supplements retail chain with 23 outlets located all across the island.

There are also some smaller professionally managed chains involved this sub-sector, e.g. SuperNature (2 outlets), an organic food specialist owned by the Club 21 high fashion retail group.

Trade sources comment that these chains generally demand well known or good quality products that have a strategic fit in the demand traits of Singaporeans, and are supported by the importers and foreign brand owners. The demands that underpin demand for these products are linked to a range of different factors including:

- health and wellness;
- indulgence in terms of personal treats and gifts; and,
- value-for-money in terms of shopper judgments on price, quality and functionality.

Added to this matter are the demands of the retailers for discounts, listing fees (in some cases) and promotional support, because they are also under significant competitive threat from the major retailers.

7.3 The traditional channels

As mentioned earlier in this report, the traditional channels are no longer a strategic or, in most cases, a viable target for products that are exported from the Developed World. When such products do enter these channels they do so because:

- there is a “must have” requirement in some channels, e.g. U.S. apples, oranges, celery and potatoes in the wet markets; or,

- the importer-distributor has a problem selling the product, e.g. these channels are then used in the same way as the earlier mentioned Mustafa Department Store.

Singapore’s mom and pop grocery stores now mainly carry locally made food and drinks and products that are imported from the ASEAN region and China.

The only segment within traditional retailing where U.S. products have opportunities involve specialist niche shops that need a range of products that they procure from a local importer or are imported in very small quantities by the shops themselves. These outlets which are a very small niche sector, include small shops that specialize in:

- wines and spirits, usually wines;

- organics and healthy foods; and,

- confectionery and food gift type products.

This sector of Singapore retailing includes a sizeable number of shops that would be classified as “hobby shops” rather than an aggressive commercial operation.

7.4 The other channels

Internet shopping linked to deliver services is offered by the major retailers, e.g. FairPrice and Cold Storage, and the niche players, e.g. SuperNature and Nature’s Glory.

No readily available information exists on the total annual value of internet transactions involving food and drinks in Singapore. In its last survey PayPal released a report in 2011 that estimated that total on-line shopping by Singaporeans had reached US$ 1.1 billion in 2010.

Food and drinks purchases were not listed in the top shopping categories cited by PayPal. The main categories included travel services, fashion, entertainment, insurance, IT/electronics products and gifts/collectables, which comprised around 80% of total on-line spending in that year.

Trade sources comment that there is a sizeable amount of on-line shopping taking place in Singapore. According a Neilsen's study conducted in 2010, the number of Singaporeans shopping for grocery items on-line grew by over 70% in 2010, with around 40% of those surveyed confirming that they had purchased food or drink on-line in the past month.

While this is reported, sources in the food industry believe that the only shoppers who buy their groceries on-line are those that want their groceries delivered because they have very little time to shop, or have a specific problem in visiting a retail outlet.

As Singaporean's "love to shop", on-line shopping is not the same as visiting a supermarket and looking at the fresh produce, other products and, very importantly, the "bargains" that are available. From this standpoint, while on-line shopping, linked to home delivery services, is growing quite rapidly, it is just one of the services that retailers (both mainstream and niche) are now supplying to their clientele, and not yet a mainstream channel.

III. COMPETITION IN THE RETAIL MARKET

8.1 Overview of the nature of competition

Competition for U.S origin products now comes from:

- local suppliers and brand-owners who operate in the dairy, beer, soft drinks and processed meat industries, with some of the companies in these industries manufacturing some of their market leading products in other ASEAN countries, e.g. Malaysia and Thailand;

- other Developed World supply countries, in particular Australia (wide range of products), New Zealand and some EU countries, e.g. Netherlands, Denmark, France, Italy and the UK;

- alternatives in some markets, e.g. Brazil (meats and poultry), South Africa (wines), China (fresh fruits and vegetables), Chile (wines and fresh fruits), and South Korea (berries); and,

- the multinational food and drink companies operating in Singapore, the other ASEAN countries and China (which includes some U.S. companies).

U.S. exporters and their products face a complex range of challenges if they are not well differentiated in the eyes of the consumers. One key factor is price competition from products that look similar, and that originate from China, Brazil, South Africa and the ASEAN countries, all of which have real competitive impacts on products from the Developed World as a whole.

8.2 Competition matrix

The Table below provides an overview of competition in the market segments that are covered by this report.

Market and Its Size	**Major Supply Countries**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Beef, fresh/chilled and frozen Net imports: 20,026 tonnes.	• Australia – 42%. • New Zealand – 23%. • Brazil – 20%. • Uruguay – 7%. • USA – 6%.	Australia and New Zealand (mainly food service, with a low level presence in retail) have full access for all of their products, which local buyers consider as good quality and price competitive. Brazil price-competes in	Beef is not produced in Singapore.

		the frozen beef segment, which now has an expanded presence in supermarkets. It is gradually expanding its market share due to weak market conditions.	

Trends in gross imports

Product group	2009 Tonnes	2010 Tonnes	2011 Tonnes
Beef, fresh/chilled	3,617	4,030	4,173
Beef, frozen	19,347	20,040	22,884
Source: Singapore Government official import trade data			

Pork, fresh/chilled and frozen Net imports: 64,461 tonnes.	Brazil – 34%. Australia – 17%. Netherlands – 14%. USA – 11%.	Brazil dominates the frozen segment with value-for-money pork of a quality acceptable to local users, some in retail channels. Australia (Australian Pork and AIRPORK brands) dominates the fresh/chilled market on the back of its proximity and ability to export high volumes to Singapore. Netherlands frozen pork is in retail channels packed under private or retailer labels. While there is still consumer resistance to frozen pork, Australia has been gradually losing market share to Brazil due to increased price sensitivity and weaker consumer confidence since 2008 and Brazilian access to the major retailers under their brands, e.g. in FairPrice. Brazilian frozen pork pricing is	Indonesian live pigs are imported and slaughtered in Singapore, and the pork is sold through wet markets (chilled retail stalls) and supermarkets. It is acceptable to Singaporeans and is part of the country's food security for staple foods.

		about 30% less than Australian fresh pork.	

Trends in gross imports

Product group	2009 Tonnes	2010 Tonnes	2011 Tonnes
Pork, fresh/chilled and frozen	67,244	72,361	65,994
Source: Singapore Government official import trade data			

Poultry, frozen Net imports: 102,476 tonnes. (Note: Chicken accounts for 99% of imports. Turkey and duck imports (net of re-exports) are niche markets comprising 641 and 388 tonnes respectively).	• Brazil – 56%. • USA – 32%. • Argentina – 9%.	Brazil (e.g. Borella, Sadia, Frangosul and Seara) competes on price and its products are acceptable to users in Singapore. The USA is now a niche player in retail channels.	Malaysian live chickens are imported and slaughtered in Singapore. This fresh chicken is the dominant product in the market and is in high demand based on traditional demand traits.

Trends in gross imports

Product group	2009 Tonnes	2010 Tonnes	2011 Tonnes
Poultry in all forms	100,411	105,963	112,863
Source: Singapore Government official import trade data			

Offal, frozen (not poultry). Net imports: 11,232 tonnes.	• Australia – 26%. • New Zealand – 26%. • Netherlands – 11%. • Denmark – 10%. • USA – 2%.	Private or retailer label packed frozen halal certified bovine offal, mainly imported from Australia, is readily available in supermarkets.	Offal from pigs slaughtered in Singapore dominates the market for such products. No substantial quantities of bovine offal are produced in Singapore.
Cheese in all forms.	• Australia – 42%. • New Zealand –	Fonterra’s brands from Australia and New	Singapore does not produce any retail

Net imports: 10,582 tonnes.	15%. • USA – 12%. • France – 7%. • Italy – 4%.	Zealand are leading players, along with some other Australian brands, e.g. Lactos, Dairy Farmers and Bega. President (France) and Arla (Denmark) also have a strong retail presence, with President making a big marketing push for new share in the processed cheese segment.	packed cheeses.
Butter and dairy spreads. Net imports: 15,867 tonnes.	• Australia – 27%. • Netherlands – 26%. • New Zealand – 20%. • France – 11%. • USA – 4%.	Australia has a number of brands in the market, e.g. Golden Churn, including some private label products. Anchor (New Zealand), President (France) and some other EU brands (Lurpak) have a strong presence in retail.	No retail packed butter is produced in Singapore.
Yogurt. Net imports: 8,182 tonnes.	• Malaysia – 38%. • Australia – 23%. • Thailand – 15%. • Switzerland – 9%. • Germany – 7%. • USA – 6%.	The strongest imported brands are Alive (Fraser & Neave Malaysia), which is the leading imported brand, Yoplait and Bulla (Australia), Meiji (Thailand) and Emmi (Switzerland). U.S. yogurts are niche players in high end retailers.	Malaysia Dairy Industries produces Marigold yoghurt, which has been tailored to Singaporean local tastes. It leads the yogurt market and is an aggressive competitor for all imported brands in the chilled dairy sections of supermarkets and hypermarkets.
Liquid milk. Net imports: 61.6 million litres.	• Australia – 42%. • Thailand – 31%. • Indonesia – 11%. • New Zealand – 5%. • India – 2%.	The strongest imported products in the market are Farmhouse (local brand), Marigold (local brand) and Pura, all of which are from Australia, and Meiji	The local dairy companies are very strong competitors with good brands and some imported liquid milks in their

	• USA – 0.3%.	(Thailand) and Greenfields (Indonesia). The retailer in-house brands of milk are also imported from Australia.	portfolios. The local brands include Magnolia, Farmhouse, Daisy (Fraser & Neave), and the brands of Malaysian Dairy Industries, namely HL (the market leader) and Marigold.
Ice cream. Net imports: 12,218 tonnes.	• Malaysia – 52%. • Thailand – 19%. • France – 5%. • USA – 4%. • Indonesia – 3%. • Australia – 3%.	Wall's (Unilever), Nestlé and Fraser & Neave are fighting each other for market share in the mass market from their production bases in Malaysia and Thailand. This activity now includes a much larger selection of novelty ice creams than in the past. They are also involved in an expansion into the premium area of the market, where they now compete with Haagen Dazs (France) and Ben & Jerry's (USA).	Local supply is negligible when compared to imports.
Apples and pears. Net imports: 57,001 tonnes.	• China – 49%. • South Africa – 20%. • New Zealand – 9%. • USA – 9%. • France – 7%. • Argentina – 3%.	The market is generally price competitive due to retailer strategies and preference for lower cost products, e.g. from China and South Africa. In addition to apples (Fuji variety only), China also supplies highly popular Chinese pears. New Zealand and France (EU financed) are supported by strong branded advertising campaigns, promotions and good	Singapore does not produce apples and pears.

		physical distribution.	

Trends in gross imports

Product group	2009 Tonnes	2010 Tonnes	2011 Tonnes
Apples	45,828	47,749	44,274
Pears	21,917	23,573	22,077
Source: Singapore Government official import trade data			

Citrus fruits, not tropical. Net imports: 56,791 tonnes.	• USA – 32%. • China – 28%. • Australia – 14%. • South Africa – 13%. • Egypt – 4%.	This market is generally price sensitive due to retailer strategies, which supports the position of China (dominant in Mandarins, which have high level demand at Chinese New Year), South Africa and Egypt in the market.	Singapore does not produce these fruits.

Trends in gross imports

Product group	2009 Tonnes	2010 Tonnes	2011 Tonnes
Oranges	40,942	41,744	43,138
Mandarins	16,838	19,468	19,805
Grapefruits	1,317	1,484	1,571
Source: Singapore Government official import trade data			

Grapes and raisins. Net imports: 13,205 tonnes.	• USA – 45%. • South Africa – 23%. • Australia – 12%. • Chile – 7%. • Egypt – 5%.	The USA dominates in its season because of its competitiveness on quality, saleability, profitability for channel members, promotional support and branding (including in raisins) and supply capacity. In the other season, South Africa and Australia (close to year round supply capability in green grapes) compete, with South Africa winning due	Not produced in Singapore.

		to its more competitive pricing.	

Trends in gross imports

Product group	**2009 Tonnes**	**2010 Tonnes**	**2011 Tonnes**
Grapes, fresh or dried	16,627	16,392	17,350
Source: Singapore Government official import trade data			

Soft fruits, temperate varieties. Net imports: 3,699 tonnes.	• USA – 54%. • South Korea – 26%. • Australia – 8%. • New Zealand – 5%. • Egypt – 2%.	High quality chilled distribution channels into Singapore, ability to deliver quality, and seasonal promotional activities support all activity in this market.	Not produced in Singapore.
Stone fruits, including avocado. Net imports: 9,043 tonnes.	• USA – 46%. • Australia – 23%. • South Africa – 9%. • China – 5%. • New Zealand – 5%. • Chile – 4%.	High quality chilled distribution channels into Singapore and seasonal promotional activities support the USA and Australian positions in this market.	Not produced in Singapore.

Trends in gross imports

Product group	**2009 Tonnes**	**2010 Tonnes**	**2011 Tonnes**
Plums	3,492	3,322	4,218
Peaches and nectarines	1,813	1,877	2,122
Avocado	978	1,285	1,497
Source: Singapore Government official import trade data			

Middle Eastern-type dates. Net imports: 620 tonnes.	• Iran – 23%. • Egypt – 17%. • Israel – 19%. • UAE – 9%. • Tunisia – 8%. • USA – 4%.	These products are imported to meet seasonal demand, mainly related to Muslim festivals. The Middle East dominates because the retail market is generally price sensitive.	Not produced in Singapore.

Edible nuts, temperate climate products. Net imports: 2,085 tonnes.	• USA – 55%. • China – 23%. • Australia – 9%. • Iran – 7%. • Italy – 3%.	Competition revolves around traditionally commodities from China and Iran, and branded snacks (USA mainly under local brands, which are well distributed) and some level of seasonal demand.	Not produced in Singapore.
Potatoes, fresh table. Net imports: 41,925 tonnes	• China – 35%. • Bangladesh – 22%. • USA – 13%. • Indonesia – 9%. • Australia – 7%.	This market is generally price competitive, with the USA and, to a lesser extent, Australia involved in marketing higher quality potatoes in supermarkets.	Not produced in Singapore.
Broccoli and cauliflower, fresh. Net imports: 16,158 tonnes.	• China – 85%. • Australia – 10%. • Malaysia – 3%. • USA – 1%.	China now dominates this market and is increasing its share of a growing market. This situation exists because of its price competitiveness and quality versus Australia. Chinese product quality is now similar in the “eyes of consumers” and its export pricing is between 40% and 50% of Australia’s pricing, a situation that is now reported to be linked to	Not produced in Singapore.

		significant subsidies being paid to Chinese farmers. Some concerns are reported to be developing in the consumer market over the safety of Chinese fresh produce in the light of some news that is circulating locally about the contamination of Chinese fresh produce with various types of chemicals, including banned pesticides, found in the Hong Kong market.	
Lettuce head-type, fresh. Net imports: 9,939 tonnes.	• China – 34%. • USA – 27%. • Malaysia – 24%.	China took leadership in this market from the USA for the first time in recent history in 2011. This resulted from a major B2B sales push to expand exports, China's price remaining at around 75% of the U.S. price and a B2B (mainly retailer industry) perception that Chinese lettuce has now started to match that of the USA's lettuce, at a time when Singapore's market has become more price sensitive. Malaysia is mainly supplying hydroponic products which are marketed differently to U.S. products.	Singapore does not produce products that compete with U.S. imported products.
Asparagus, fresh. Net imports: 1,075 tonnes.	• Thailand – 44%. • USA – 29%. • Australia – 15%. • Peru – 8%.	Thailand, which supplies younger (thinner) asparagus, operates in a different segment to asparagus imported from	Not produced in Singapore.

		the USA. Thai products have a mass market target. The USA leads the seasonal premium market.	
Celery, fresh Net imports: 5,163 tonnes.	• USA – 67%. • China – 22%. • Malaysia – 7%. • Australia – 3%.	The USA leads this market because of its competitiveness in terms of price, quality and supply, distribution and marketing capabilities. China has continued to build its market share (up from 15% in 2010), largely at the expense of the USA’s share. It has reached more than 20% for the first time since 2007.	Not produced in Singapore.

Coffee, ground roasted Net imports: 424 tonnes.	• USA – 56% *. • Indonesia – 15%. • Malaysia – 8%. • Italy – 3%. • Germany – 2% *: Mainly includes imports for use in food service outlets including major modern coffee shop chains.	The strong local brands marginalise imported brands to niches or the food service market (a key U.S. target due to corporate demand-pull). The highest profile premium brands in retailers are all from the EU, e.g. Illy, Melitta, Lavazza, Eduscho and Cafe Direct. The highest profile U.S. retail brand is Folger. Nestlé has just started to play in this market.	Singapore has a strong coffee producing industry, with the dominant players in the premium segment being Boncafe, the market leader, and Sarika (Suzuki brand).
Tea leaf and bags, green and black retail packed. Net imports: 1,216 tonnes.	• Indonesia – 25%. • China – 17% • Sri Lanka – 12%. • USA – 6%. • India – 6%. • Malaysia – 6%. • UK – 3%.	The brands in this market are supported by strong advertising and promotions and distribution capabilities, including Lipton (Unilever), the market leader, which supplies most of its products from Indonesia, Dilmah (Sri Lanka) and Boh (Malaysia). The UK (Twinings, an important premium brand) is the leader in the premium and super premium niches.	Singapore is not a major player in the market for retail packed leaf teas and tea bags.
Processed meats and poultry, not chilled. Net imports: 26,050 tonnes.	• Thailand – 47%. • China – 22%. • Malaysia – 15%. • USA – 6%. • Brazil – 3%.	This market is dominated by a range of frozen, pre-cooked chicken, and Asian-style canned products from Thailand (including Chareon Pokphand frozen products) and Malaysia (various brands), and canned products from China. The key non-	Growing stronger on the new investments in production facilities for processed meats, both chilled and canned, underpinned by a strategy that the products are better quality than imported alternatives.

		Asian brands in this market are mainly canned beef and pork-based products, i.e. Spam (USA), Libby's (Brazil) and Tulip (EU produced).	
Sausages, not fresh chilled. Net imports: 6,321 tonnes.	• Brazil – 34%. • France – 30%. • USA – 17%. • Denmark – 12%. • Malaysia – 4%.	This is a price-driven commodity-type market, which is underpinned by strong physical distribution, gaining good access to retail display space and, importantly, periodic price promotions. The highest profile supplies in frozen sausages are Perdix (Brazil), Doux (France) and Rockingham and Valley Chef, with Tulip (Denmark) being the leader in canned sausages. Retailer in-house labelled frozen sausages (produced in Brazil and Malaysia) are taking market share from imported brands. The USA lost market share to France in 2011 because of its higher pricing than French products.	The local sausage industry has a focus on producing premium fresh/chilled sausages and traditional dried Chinese-style sausages. Although a competitive industry, it does not compete directly with imported products, which tend to be either commodity products (frozen or canned frankfurters) or branded better quality "more authentic" chilled products.
Processed fish and seafood, higher processed products only. Net imports: 44,776 tonnes.	• Malaysia – 26%. • Thailand – 17%. • Vietnam – 13%. • China – 11%. • Chile – 11%. • USA – 1%.	This market is dominated by price competitive ASEAN- made and branded canned and frozen products, which includes a large segment involving tuna based products and sardines/mackerel. Competition tends to revolve around access retailers' shelves and	Singapore has a frozen fish and seafood industry that competes with products from the other ASEAN countries.

		price.	
Sugar confectionery, not chewing gum. Net imports: 10,754 tonnes.	• Malaysia – 28%. • China – 18% • USA – 9%. • Indonesia – 7%. • Thailand – 6%. • Taiwan – 5%. • Germany – 4%.	This market is dominated by products from Malaysia (several brands) and multinational brands with operations in ASEAN and China, including Mars, Wrigley (also supplying its U.S. products, but not chewing gum due to a regulatory restriction), Nestlé, Kraft (Cadbury Adams), Perfetti Van Mella. Some high profile brands are also imported from Germany (Werther's and Haribo) and Japan. These businesses all support their brands through wide spread distribution and periodic advertising and promotions.	Singapore is not a major producer of sugar confectionery, although it has a strong position in the medicated sweets segment.
Chocolate confectionery. Net imports: 11,447 tonnes.	• Malaysia – 13%. • USA – 12%. • Australia – 11%. • Italy – 10%. • Switzerland – 6%. • New Zealand – 4%.	High levels of competition for retail shelf space between Cadbury (Australia and New Zealand), Mars (Australia and China), Hershey (USA and China), Ferrero (Italy), Nestlé (Malaysia, UK Australia and USA), Lindt and Frey (Switzerland) and others from Malaysia. Europe also has high profile and very active brands from Germany, Belgium, France, Switzerland and the UK, which tend to operate in the premium food gift market.	Singapore is a chocolate producer but does not operate as a major player in the mass retail market.

Cookies (Sweet Biscuits). Net imports: 16,412 tonnes.	• Malaysia – 42%. • Indonesia – 13%. • China – 7%. • Thailand – 6%. • UK – 6%. • USA – 4%.	Malaysia is very strong with the branded and wide product portfolios if Kraft (also supply from Indonesia, China and the USA), Munchy's and Perfect Foods dominating the retailers' shelves and brand shares. A range of EU brands also have a solid presence with the UK having the largest share with McVities, Burtons, Fox's and Walkers being its most prominent players.	Singapore has a sizeable biscuit producer, Khong Guan, which is involved in this segment, although its clientele are reported to be older Singaporeans. Another key producer, Meiji Seika, operates in the children's area of the biscuit market.
Breakfast cereals, including oats. Net imports: 5,447 tonnes.	• China – 40%. • USA – 16%. • Philippines – 13%. • Malaysia – 11%. • Thailand – 6%. • UK – 3%.	A market with strong and well supported brands dominated by Quaker (China), Nestlé (Philippines), Kellogg's (Thailand and the USA) and Post (USA).	Singapore does not produce breakfast cereals.
Snack foods, extruded types and potato based. Net imports: 7,500 tonnes.	• Malaysia – 65%. • USA - 15%. • Thailand – 13%.	A market with brands supported by very strong distribution capabilities. Extruded snacks dominate the market with well over 75% of sales. The companies/ brands involved include Kraft Foods (Malaysia), Mamee Double Decker (Malaysia), URC (Malaysia), Pringles (Malaysia), Calbee (Thailand and Malaysia) and Frito-Lay (USA and	Most snacks marketed under Singapore owned brands are now produced in neighbouring Malaysia.

		Mexico).	
Frozen potatoes. Net imports: 22,655 tonnes.	• USA – 77%. • Canada – 15%.	French fries and hash browns are marketed under Singapore private labels, e.g. Farmland (U.S. origin), with Ore Ida (USA) and McCain (Canada) also have quite strong distribution access to retailers.	Not produced in Singapore.
Frozen vegetables. Net imports: 1,431 tonnes.	• USA – 41%. • Thailand – 28%. • China – 9%. • Japan – 3%. • Belgium – 3%.	The highest profile brands in supermarkets and hypermarkets today are now retailer in-house branded products. Thailand is a niche player in frozen green soybeans. Simplot (various origins), Emborg (Belgium/EU), and Watties (NZ) are the highest profile independent brands.	Singapore is not producing any frozen vegetables.
Fruit juices. Net imports: 37,288 tonnes.	• Malaysia – 27%. • Indonesia – 16%. • USA – 14%. • China – 7%. • South Korea – 4%.	Asian sourced fruit juices tend to be food service products or juice drinks. The USA is the leader in chilled retail-packed fruit juices, due to high quality products, strong brands and very good distribution coverage.	Singapore has a strong industry involved in the production of fruit juices, including Fraser & Neave, Malaysia Dairy Industries and Pokka Singapore, which aggressively compete with each other for market share.
Canned and bottled vegetables. Net imports: 18,561 tonnes.	• China – 26%. • USA – 19%. • Thailand – 16%. • Malaysia – 14%. • Italy – 8%. • Spain – 4%.	China and Thailand have a focus on canned indigenous vegetables. The USA has a strong niche due to good relationships with strong importer-distributors. Malaysia is mainly supplying baked beans.	Although Singapore does have a canning industry, it is not involved in this market.

		Italy and Spain are mainly supplying canned or bottled olives.	
Sauces, non-Asian types. Net imports: 3,100 tonnes.	• USA – 72%. • Australia – 9%. • UK – 5%. • Netherlands – 4%. • Italy – 2%.	Heinz (USA) has a sizeable portfolio of non-Asian sauces on the shelves, along with strong presence from a range of Australian made sauces (including Unilever and Masterfoods), the UK (Lea & Perrins) and Netherlands (HP).	Singapore's industry only produces Asian-type sauces.
Soups Net imports: 6,795 tonnes.	• Malaysia – 55%. • Australia – 16%. • USA – 11%.	Campbell Soups (Malaysia and USA) dominate this market, with some competition from Heinz, mainly from Australia.	No retail packed soups are produced in Singapore.
Soft drinks. Net imports: 176 million litres.	• Malaysia – 59%. • Thailand – 9%. • Taiwan – 6%. • China – 3%. • New Zealand – 2%. • USA – 1%.	Malaysia dominates the market for imports with supplies of good quality cordials, fruit juices, sports drinks and Asian soft drinks at very competitive prices, with Fraser & Neave a major importer from Malaysia. Taiwan has a focus on supplying niche Asian-type products, with Yeo Hiap Seng contract packing some of these products there. Imports from the USA and other non-Asian countries operate in very small niches.	Singapore has a very strong soft drink industry, which includes Coca-Cola, Pepsico (Yeo Hiap Seng as the bottler) and Pokka. The products of these producers lead the market.
Beer.	• Malaysia – 33%.	Carlsberg (Malaysia)	Asia Pacific Breweries

Net imports: 61 million litres.	• Germany – 10%. • Netherlands – 10%. • India – 9%. • South Korea – 9%. • Other ASEAN – 5% • USA – 1%.	holds second place in the market to the local brewery. The other brands play around the brands of APB and Carlsberg and tend to compete on price or on premium niche status, because they do not have the marketing budgets or the very strong distribution channels of the market leaders. Germany and Netherlands maintain a sizeable presence due to good relationships with strong importer-distributors. South Korea and India are niche players, with India now making a “big play” in the budget and strong beer areas of the market.	(APB) leads the Singapore market with its high profile and very well distributed brands, which include Tiger, Heineken, Guinness, Anchor, ABC Extra Stout, plus some niche brands. It competes very aggressively for market share with Carlsberg Malaysia, which also views Singapore as its home market territory.
Wine, not sparkling. Net imports: 11.1 million litres.	• Australia – 31%. • France – 26%. • Chile – 9%. • Italy – 7%. • New Zealand – 6%. • USA – 6%.	Australia dominates the retail market with a range of products that segment it from “mass market” (very well distributed) to premium. In the mass market, its main competitors are South American and some U.S. wineries. In the premium area, its main competitors are France (subject to high profile promotions), which has a broad range of products, along with niche players like New Zealand, U.S. premium labels and some other EU countries.	Singapore does not produce any grape-based wines.

Spirits, including brandy, whisky, rum, gin, vodka and liqueurs. Net imports: 14.3 million litres.	• UK – 57%. • France – 25%. • USA – 4%. • Ireland - 4%. • Sweden – 2%.	UK (Scotland) whisky and French cognac owned by multinationals continue to dominate the market for spirits in an environment where intensive promotion is taking place for vodka and some liqueurs. Other products operate within niches.	Although repacking of UK produced whisky is reported to on-going in Singapore, it does not produce any alcoholic drinks that compete in this market.
Pet food in retail packaging Net imports: 9,247 tonnes.	• Thailand – 35%. • USA – 34%. • Australia – 10%. • Netherlands – 5%.	This market is dominated by the products of two multinationals, namely Mars Pet Food and Nestle Purina Pet Food that have plants in Thailand and the other supply countries, i.e. the USA for Nestle Purina, that service demand in Singapore.	Singapore does not produce any retail packed pet foods.

Trends in gross imports

Product group	**2009 Tonnes**	**2010 Tonnes**	**2011 Tonnes**
Pet foods, including dog and cat food	9,070	9,589	9,700
Source: Singapore Government official import trade data			

Singapore has a very large market for fish and seafood. The bulk of sales through retail channels are warm water (tropical) fish rather than cool water fish as is supplied by the USA. Singapore's large format stores supply a small range of cool water products, most of which have developed demand over the past 20 years. The high end supermarkets that service expatriates and the upper income group Singaporeans tend to have a larger range due to the demands of their clientele.
Retailers comment that only a small number of non-tropical fresh/chilled or frozen fish and seafood products are viable for sale through supermarkets. The characteristics of such products are reported to be:

- well promoted, e.g. Norwegian fresh/chilled salmon; or,

- have a good distribution channel, price and functionality, e.g. Norwegian frozen cod; or,

- are unique, when compared to the competition, e.g. smoked salmon (Scotland, Norway, Australia and New Zealand), other smoked fish (usually to cover expatriate demand) and shellfish such as mussels (New Zealand) and clams (North America).

The main challenge for cool-water products is the extremely high levels of competition that exist from much better known, more widely available and more competitively priced tropical species, which are easier to use in local cooking. This is a big challenge to developing a viable presence in retail channels for cool-water products today. While this is the case, there are opportunities for seasonal cool-water products if they are well promoted to shoppers, e.g. Shanghai hairy crabs.

The retail markets for salmon, smoked salmon, cod and retail packed mussels were developed from zero base in the 1990s through years of marketing and consumer education, such that they now have good demand from Singaporeans, especially salmon. This has been a real success story for Norway's exporters and their importers over this 20 year period.

Market and Its Size	**Major Supply Countries**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Salmon, fresh chilled Net imports: 2,616 tonnes.	• Norway – 89% • Australia – 11%. • USA – Not involved in this market.	Norway is a highly aggressive promoter of its fresh/chilled salmon in Singapore. It is the market maker and its product is retailed at a price that is acceptable to Singaporeans, who now know how to cook this fish at home.	Singapore does not produce this type of fish.
Smoked salmon Net imports: 156 tonnes.	• Norway – 61%. • Denmark – 9%. • UK – 8%. • New Zealand – 4%. • USA – Negligible supplies.	Norway has very good access to supermarket shelves in outlets that service Singapore's middle and upper income groups. Norway, and the food service industry and sandwich chains in Singapore, have educated Singaporeans on how they can use smoked salmon at home, if they wish to do so. New Zealand and the UK (Scottish) have good niche-type access to shelves in high end	Singapore does not produce much of this type of product for the mainstream retail market.

		retailers.	
Cod, frozen Net imports: 200 tonnes.	• USA – 72%. • France– 12%. • Norway – 4%.	Frozen cod is generally retailed as a generic frozen product in many of Singapore's supermarkets without any clear definition of its country of origin. Norway occasionally promotes its product at the same time as its salmon promotions.	Singapore does not produce this type of fish.
Mackerel, frozen Net imports: 2,940 tonnes.	• Tropical species – 57%. • Norway – 23%. • Japan – 10%. • China – 6%. • UK – 2%. • USA – Minuscule imports.	Demand-pull for the tropical species which have a strategic fit in the local diet. For cool-water mackerel, supply-push from Norwegian and Japanese suppliers with good distribution channels. The market is underpinned by food service demand, with retail being a sizeable niche with demand from Japanese and Korean expatriates being important.	While Singapore does have locally caught supplies of a tropical species of this fish, it is used in a different way to cool-water mackerel, which has links to Korean, Japanese and some northern Chinese cooking styles.
Mussels, frozen Net imports: 386 tonnes.	• New Zealand – 91%. • China – 3%. • Canada – 2%. • South Korea – 2%. • USA – Not involved in this market.	New Zealand has very strong marketing and distribution for its mussels in shelf and meat in Singapore supermarkets and hypermarkets.	The bulk of locally landed mussels will be sold fresh through wet markets and to food service buyers.
Scallops, frozen	• Australia – 34%. • Japan – 26%.	The market leaders in retail channels have a focus on quality packed products and	None produced for marketing in retail channels, although if

Net imports: 400 tonnes.	• USA – 17%. • Hong Kong SAR – 10%.	have good access to the frozen distribution cabinets in mainstream supermarkets and hypermarkets. Imported products also have demand in food service channels.	available some may be sold through the wet markets.

IV. BEST PRODUCT PROSPECTS

10. Tariff and market access status in Singapore today

There are no tariffs or major non-tariff barriers on food products that comply with Singapore's food regulations, which provides easy market access for all importers. The only tariffs are levied on alcoholic beverages because of public policy regarding the consumption such products. Chewing gum, unless it is used for medical reasons, has a longstanding ban on its import, and commercial sale in, Singapore. Additionally, there are also some restrictions on the import of U.S. origin beef to Singapore due to past BSE cases. A listing of Customs Duty and Excise Duty applicable to alcoholic beverages can be obtained from http://www.customs.gov.sg.

Market access for most products is quite straightforward. While this is the case, the Agri-Food and Veterinary Authority (AVA) is high cautious and very strict when it comes to the potential for livestock diseases or contamination events that may harm the Singapore population (which includes large numbers of foreigners, both residents and tourists) or its food security.

The AVA will, and does, ban imports of products under circumstances where a negative event occurs anywhere in its food supply chain. This is the reason why there are still restrictions on beef imports from North America and the EU.

11. Products present in the retail market which have good sales potential

Product	Net Imports in 2011	Market Growth Rate Per Annum*	Key Constraints to Market Development	Market Attractive for the USA
Poultry, frozen	102,476 tonnes.	Overall, very slow growth due to staple demand for chicken and duck.	Competition from local slaughtering of imported live poultry and from lower cost	Very attractive in the turkey niche (around 600 tonnes) and moderately attractive

		Turkey demand could grow at between 2% and 3% per annum.	producers, mainly in Brazil. This has now marginalised U.S. products to niches in mainstream retailers.	in chicken market and duck (around 400 tonnes) niche, with an emphasis of higher quality demand and niches.
Citrus fruits	56,791 tonnes.	Very slow growth due to mature demand.	Very strong competition from China, and price sensitivity amongst retail buyers.	Attractive due to high demand, albeit in a very slow growing market.
Grapes and raisins	13,205 tonnes.	2% to 4% per annum, as demand is starting to mature.	Price sensitivity amongst consumers, although U.S. products are well liked because of the quality of their taste.	Attractive due to high demand, albeit in a market where consumption growth is slowing down.
Soft fruits, temperate	3,699 tonnes.	4% to 6% per annum.	Price sensitivity in the supply chain, ranging from importer to end consumer and some price competition, in strawberries, with South Korean products.	Very attractive, as higher incomes are creating more demand, especially for strawberries.
Stone fruits, including avocado	9,043 tonnes.	5% to 10% per annum.	Price sensitivity in the supply chain from importers through retail buyers to end consumers. A problem now exists in the quality of supermarket storage and handling of these products, which is causing unnecessary damage to fruits in bulk displays.	Very attractive, as higher incomes are creating more demand, especially for plums and avocado.
Edible nuts	2,085 tonnes.	Slow growth due to limited drivers for demand in quite a mature market.	A mature market with price competition, mainly from Chinese products.	Attractive as there is solid demand for U.S. origin nuts, albeit that the market is now quite mature.

Lettuce, head type fresh	9,939 tonnes.	2% to 4% per annum.	China took market leadership from the USA in 2011 and has now confirmed that it is the “major threat” for U.S. exporters in a market that is being increasingly price sensitive and less discriminating over quality at the level of retail buyers.	Attractive as there is good demand for U.S. origin lettuce because it meets with demand requirements, albeit that is more expensive than competing products.
Asparagus, fresh	1,075 tonnes.	2% to 3% per annum.	Price sensitivity amongst consumers in a market that has Thai asparagus, albeit lower quality than U.S. asparagus, almost all year round.	Attractive as there is growing demand for better quality asparagus when it is in season and available.
Celery, fresh	5,163 tonnes.	2% to 3% per annum.	While there is limited competition for U.S. products in this market because of strong U.S. supply capabilities, China now sits in the background as a likely developing threat for the USA.	Attractive as there is still solid demand for U.S. origin celery.
Chocolate confectionery	11,447 tonnes.	Less than 2% per annum.	Very strong competition from multinationals in the mass market and EU imports in the niches.	Moderately attractive for niche building in higher quality products.
Cookies, sweet biscuits	16,412 tonnes.	2% to 3% per annum.	Strong competition from multinational brands made in Asia and also from imported EU brands in the niche markets.	Moderately attractive for niche building in higher quality cookies.
Breakfast cereals,	5,447 tonnes.	4% to 6% per annum.	Very strong competition from Kellogg’s, Nestle	Attractive as more younger generation

including oats			and Post who have segmented the market around different quality products for different income and age groups.	Singaporeans are consuming breakfast cereals, plus expat demand, which is very important.
Snack foods, extruded and potato based	7,500 Tonnes.	Less than 3% per annum.	Very strong competition from ASEAN-made products, plus Frito-Lay, which has a good range of USA, Australia and some Asian-origin products in the market.	Moderately attractive, if building niches for differentiated products.
Frozen potatoes	22,655 tonnes.	2% to 4% per annum.	The main challenge for independent U.S. brands is retailer house branded and private label products that now dominate the frozen food displays.	Attractive as U.S. products have quite solid demand.
Frozen vegetables	1,431 tonnes.	2% to 4%, as Singaporeans generally prefer fresh vegetables, although low pricing is now important due to worsening consumer confidence.	Competition from low priced retailer house branded products that are starting to dominate frozen food displays, in preference to independent brands.	Low level attractiveness.
Sauces, non-Asian	3,100 tonnes.	3% to 5% per annum.	The market for such sauces is tied to demand from expats or to a fit in the local diet. The key sauces in the market are either supplied by strong multinationals, e.g. Kraft and Heinz, or another strong brand.	Moderately attractive under conditions of strong competition.
*: Trade estimates on the basis that Singapore's annual economic growth takes place at an average of between 2% and 4% per annum.				

12. Products not present in significant quantities in the retail market but that have good sales potential

Product	Net Imports in 2011	Market Growth Rate Per Annum*	Key Constraints to Market Development	Market Attractive for the USA
Pork	64,461 tonnes.	Very slow growth because pork is a staple food item.	Very strong competition from Australian pork, which has strong air-flown physical distribution access and good brand values. Additionally, strong competition from pork from the local slaughterhouses and from frozen pork, which is becoming much more important as the global price of pork increases. In frozen pork, Brazil is now "king" in retail channels.	Moderately attractive, but only in the quality area of the market, i.e. higher end niches where buyers will accept higher market prices.
Cheese in all forms	10,582 tonnes.	2% to 4%	Very strong competition from Australia and New Zealand, which have a very strong and developed presence in channels. Additionally strong competition in niche cheeses from EU countries, especially France (now increasingly aggressive) and Denmark.	Low level attractiveness, unless niche building in higher end retail channels where higher priced cheese can be sold.
Ice cream	12,218 tonnes.	Less than 2% due to worsening consumer confidence.	Strong competition from the multinational ice cream companies (Unilever and Nestlé), which are aggressively segmenting the market from mass through to super premium using different brands.	Moderately attractive, with an emphasis on higher end branded products.
Apples and	57,001	Very slow	Very strong competition	Attractive as there is

pears	tonnes.	because they are now close to a staple food item.	from China (price and apparent quality) and France (supplier-push marketing activities) in the northern hemisphere season.	clear demand for apples and pears from the Developed World, including the USA.
Potatoes, fresh table	41,925 tonnes.	2% to 3% per annum.	Price sensitivity and competition from lower cost Asian supply countries, i.e. China, Bangladesh and Indonesia.	Attractive because retailers like to have U.S. and Australian origin potatoes in their fresh produce displays. Expats prefer U.S. origin potatoes so this supports demand for them.
Broccoli and cauliflower, fresh	16,158 tonnes.	2% to 4% per annum.	Massive competition from China, with its low pricing and apparent good quality driving more expensive Developed World supplies out of the market.	Moderately attractive because demand for these products, in particular broccoli is strengthening.
Coffee, ground roasted	424 tonnes.	3% to 5% per annum, largely driven by spin-offs from the high end coffee shop chains.	In retail, very strong competition from the locally produced Boncafe and Suzuki brands, and also key brands imported from the EU, which now include Nestlé specialty coffees linked to capsule-using coffee making machines, e.g. the “upper mass-market” Dolce Gusto brand.	Low level attractiveness in retail.
Processed meats and poultry.	26,050 tonnes.	3% to 5% per annum.	Very strong competition from ASEAN-made products and some multinational brands, e.g. Libby’s, Tulip and Spam.	Moderately attractive, if the products are price competitive. Worsening consumer confidence is also reported to be boosting demand for

				such products.
Sausages	6,321 tonnes.	3% to 5% per annum.	Price competition from Brazil and the EU (mainly France). The commodity nature of this market, which is also underpinned by price sensitivity.	Attractive, if pricing is competitive, because demand is still growing due to these products value-for-money status at a time when consumer confidence is worsening.
Sugar confectionery	10,754 tonnes.	Quite static in all segments, with no significant growth drivers present in the market.	Very high levels of competition from ASEAN/Asia-made products (including multinationals), with a very large number of products in a market that has become stagnant over the past 5 years, after many years of quite solid growth.	Low level attractiveness, unless niche building and well differentiated products are involved because the market has a very large number of products and brands already in it today.
Fruit juices	37,288 tonnes.	3% to 5% per annum.	Strong competition from long established brands, both local and foreign, that have built their market presence and shares on the back of strong physical distribution since the early 1990s.	Attractive due to continuing growth in demand for healthy and nutritious products, although pricing has to be competitive in retail channels.
Canned and bottled vegetables	18,651 tonnes.	Very slow growth because Singaporeans prefer fresh products.	Singaporean food culture, which is tied to fresh vegetables, and does not have much demand for canned vegetables in home cooking. At present, demand is stronger for some products due to worsening consumer confidence.	Moderately attractive because there is demand for U.S. products, although some U.S. brands are already very strong in retail channels.
Soups	6,795	3% to 5% per	High level competition	Low level

	tonnes.	annum.	from longstanding multinational brands in canned and powdered soups, e.g. Campbell (Malaysia, USA and China), Heinz (Australia and the UK) and, in ASEAN-made powdered soups under brands owned by Nestle and Unilever.	attractiveness due to the very challenging competition, unless building a niche.
Wine, not sparkling	11.1 million litres.	3% to 5% per annum.	Price sensitivity towards more expensive wines, a continuing lack of local knowledge about wines and price competition in a market flooded with a massive number of different labels. Lower priced wines will satisfy indulgent demand even at a time when consumer confidence is worsening.	Very attractive, if price competitive, because the market is broad based and continuing to grow underpinned by good consumer (albeit quite confused) interest in consuming wines.
Spirits, alcoholic	14.3 million litres.	Quite static due to competition, mainly from wine.	Dominated by well-funded multinational brands that are fighting for market share in the broader alcoholic drinks market.	Low level attractiveness, unless niche building.
Pet food	9,247 tonnes.	Less than 2% per annum.	Competition from the multinational pet food companies who dominate the retail shelf space in many of the pet food channels, except the small specialty shops.	Moderately attractive for building specialty niches.
Cod, frozen	200 tonnes.	2% to 4% per annum, depending on level of marketing activities and promotions.	Low level demand in retail channels because this fish is still not well understood, albeit that Norway has been promoting it for over 10 years.	Low level attractiveness in retail.

Mussels frozen	386 tonnes.	3% to 5% per annum.	Price sensitivity amongst consumers in retail channels. Very strong competition from New Zealand, which has good physical distribution and coverage for its products in Singapore.	Low level attractiveness, unless niche building.
Scallops, frozen	400 tonnes.	Very slow growth.	Price sensitivity amongst consumers in retail channels, coupled with price competition between suppliers.	Low level attractiveness, unless niche building.
*: Trade estimates on the basis that Singapore's annual economic growth takes place at an average of between 2% and 4% per annum.				

13. Products not present because they face significant barriers in the retail market

Product	Imports in 2011	Market Growth Rate *	Key Constraints to Market Development	Market Attractive for the USA
Beef	20,026 tonnes.	4% to 6% per annum.	Continuing regulatory barriers and massive competition from other suppliers with easier access and good distribution and branding.	Attractive for niche building.
Offal	11,232 tonnes.	Quite static, with not much growth potential due to upgraded meat emand.	Food safety issues (for bovine offal) and price sensitivity. Pig's offal from locally slaughtered pigs, which is readily available.	Low level attractiveness.
Butter and dairy spreads	15,867 tonnes.	Quite static with not much growth potential in retail.	Very high levels of competition for chilled retail display space and very strong distribution of longstanding brands.	Low level attractiveness, unless niche building.

Yogurt	8,182 tonnes.	Quite static as competition from local products is fierce for the Singaporean area of the market.	Competition from local brands in the Singaporean area of the market and Australian brands in the expat area of the market.	Low level attractiveness, unless niche building.
Liquid milk	61.6 million litres.	Less than 3% per annum.	Massive competition from local brands and price competitive products, mainly imported from Australia, including retailer labeled products.	Not attractive, unless focused on supplying very small expatriate niches and have distribution access to do this.
Middle Eastern type dates	620 tonnes.	Quite static due to maturity in demand and no clear market drivers.	Price competition from the Middle East and receptive price sensitivity in the main demand area of the market.	Low level attractiveness.
Tea leaf and bags	1,126 tonnes.	Very slow growth.	Very high levels of competition from the key brands that are fighting for retail space, Lipton (Indonesia), Dilmah (Sri Lanka), Twinings (UK) and Boh (Malaysia).	Not attractive.
Processed fish and seafood, higher processed products	44,776 tonnes.	2% to 4% per annum, due to price competitive nature of the products under worsening consumer confidence.	Massive competition from ASEAN-made products, which meet Singaporean demands on products, pricing and convenience.	Not attractive, unless focused on supplying very small expatriate niches and have access to do this.
Soft drinks	176 million litres.	2% to 4% per annum.	Massive competition from locally made products (multinational brands) and imports from ASEAN and other Asian countries, plus local taste issues.	Low level attractiveness, unless niche building.

Beer	61 million litres.	Slow as the beer market is already saturated, and consumer confidence is worsening.	Massive competition from local and Malaysia brewed multinational brands and price competitive imports from the EU and some Asian countries.	Low level attractiveness, unless niche building.
Salmon, fresh chilled	2,616 tonnes.	4% to 8%, depending on the aggressiveness of marketing.	Norway's dominant position in the market as supported by very strong distribution and marketing activities.	Low level attractiveness in retail.
Smoked salmon	156 tonnes.	Very slow growth, unless there is aggressive promotion.	Very small niche with well established suppliers from the EU and New Zealand that are able to dominate retail shelf space.	Low level attractiveness in retail.
Mackerel, frozen	2,940 tonnes.	3% to 5% per annum.	Norway and Japan's physical distribution strengths and competitive price points.	Low level attractiveness in retail.
*: Trade estimates on the basis that Singapore's annual economic growth takes place at an average of between 2% and 4% per annum.				

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