

Competition heats up with more supermarkets opening, even as consumers rejoice over more choices

Eunice Quek



ST PHOTO: NG SOR LUAN

# Market economy

Housewife Katrina Lin is a supermarket hopper and proud of it.

And no wonder – the 55-year-old mother of three is spoilt for choice when it comes to supermarkets near her home.

Mrs Lin, who goes shopping for food for her family practically every day and spends about \$250 a week, lives in Tampines, a suburb that is packed with supermarkets.

Check this out: It has six FairPrice supermarkets, three Shop N Save outlets, one Cold Storage supermarket and a Giant Hypermarket in Tampines North Drive that is a 15-minute shuttle bus ride from Tampines Central.

Mrs Lin says: “Each supermarket carries something that I want to buy. Cold Storage sells more international brands while FairPrice has a wide variety of vegetables and fruits. Shop N Save is convenient as it is near my house. On weekends, I go to Giant to buy products in bulk. I wouldn’t mind Sheng Siong or Prime Supermarket opening outlets here as well.”

Supermarkets are sweeping into neighbourhoods all over Singapore, leaving wet markets high and dry – there are now close to 250 supermarts here.

But is Singapore becoming saturated with supermarkets? In a booming economy, customers are spending more on groceries, giving supermarkets the confidence to expand.

Supermarket chains are moving rapidly into prime heartland locations for a good reason – to cater to a growing class of “cherry-picking” consumers who suss out the best deals in their neighbourhood.

Dr Lynda Wee, who specialises in retail management, weighs in: “If the consumer pulse is read correctly, there will be market adjustments to ensure customers get the best deals and work on differentiated products such as housebrands.”

One of those stepping up to the (dinner) plate is the Shop N Save chain – owned by the Dairy Farm Group. In the next five years, it plans to double its heartland outlets to more than 100.

By year-end, 10 more Shop N Save branches will open in choice locations such as Tiong Bahru and Jurong East. Its existing 59 outlets have been renovated to include more check-out counters and better lighting and flooring.

Of the chain’s \$14-million developments, Mr Bernard Chia, its merchandising director, says: “We saw a spike during the recession with more people eating at home and there was a dip as we came out of the recession. Now, we are seeing positive growth in average spending for each customer a trip.”

Four more outlets under the group are slated to open by year-end, including two Cold Storage outlets and a Giant Hypermarket.

In an industry estimated to be worth \$4 billion a year, FairPrice is the leader of the pack.

According to figures last year from market research firm Euromonitor International, FairPrice has 48.1 per cent of the market share, measured by total sales. Dairy Farm follows with 21.7 per cent and Sheng Siong has 16.5 per cent.

FairPrice expansion plans include five more super-

markets and two FairPrice Finest stores are set to open by this year.

Smaller supermarket chains are also expanding.

Sheng Siong, which has 23 outlets, opened its latest in Teck Whye Lane last month and will open two more in the north and Jurong area. There are also plans to list the company on the stock exchange and expand overseas.

As for Prime Supermarket, which has 16 branches currently, it will open another outlet in Hougang next month and is also developing agriculture land in China to ensure self-sustenance of its products.

With supermarkets clustered near one another, it is easy for heartland shoppers to shop and save by doing price comparisons.

However, these supermarkets – which stock up on daily provisions and fresh produce – are leaving wet market stall-holders and provision shop owners in the dust. Those that LifeStyle spoke to noted that smaller and younger families do not cook frequently and prefer the air-conditioned comfort of supermarkets.

Also, butcher Lin Cheow Thye, 64, who has been running Double Six Pork Stall in the Tampines Round Market for more than 20 years, cannot increase his prices to keep up with rising costs.

He explains in Mandarin: “Our regular customers know how much we charge. If we raise prices, they will not come back.”

At E-Kathir E-mart in Tampines, part-time shop assistant Ansary Mohammed, 36, explains that it, too, needs to differentiate its products: “We bring in some goods from India which cater to the Indian community who may find it inconvenient to go to Tekka Market.” It also allows customers to use the Internet for \$1.50 an hour.

Indeed, this market warfare leaves customers winning the store wars as they have plenty of pickings. Like Mrs Lin, housewife Maria Yu, 55, shops at various supermarkets including Shop N Save, Prime Supermarket, Cold Storage and FairPrice.

Explaining the rationale behind her supermarket hopping, she says: “I remain loyal to brands I like such as Seng Choon Omega 3 eggs and Prego pasta sauce. Not all supermarkets carry what I use so when I know a certain supermarket carries my preferred products, I will keep going back.”

To win over the customer dollar, supermarket chains are constantly rolling out point or rebate systems to reward shoppers.

Housebrands are also key to maintaining a strong customer following and all supermarket chains are constantly increasing their housebrand range.

Temasek Polytechnic’s retail management lecturer Christine Ng says: “By cutting the middleman out of the retail supply chain, retailers are going straight to the manufacturers, which results in better prices for customers. However, retailers need to maintain quality control and ensure that product quality meets the customers’ expectations.”

Associate professor of marketing Lau Geok Theng from the National University of Singapore adds: “If supermarket players sell mostly manufacturers’ brands, competition will be more intense since they may be offering similar products and may then be tempted to compete on price.”

However, some shoppers are not hoppers. Miss Elaine Ng, who is self-employed and lives in Kovan, is not swayed by price cutting but convenience. She shops up to five times a week at the Cold Storage supermarket near her home.

Says the 25-year-old: “I feel that Cold Storage might be a tad more expensive than FairPrice but it is fairly well-stocked across the board. Though both supermarkets are close to each other, I wouldn’t go to both just to save that 10 or 20 cents on a couple of products.”

✉ euniceq@sph.com.sg