



# Home Advantage: How a National Retailer Makes Life Challenging for Multinational Competitors

A presentation by

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# Globalization of Retail Industry

- Asian Currency Crisis
  - ✓ Weakened local retail groups
  - ✓ Acquisition by big players
- Liberalization of Retail Industry
  - ✓ Falling property prices and easing of restrictions
- New Retail Formats



# FairPrice

**NTUC**

Singapore's very own



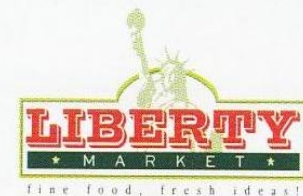
- ✓ Started in 1973 as a co-operative supermarket, amidst oil crisis
- ✓ Social role of combating inflation and moderate cost of living for workers
- ✓ Today, NTUC FairPrice Group is leading food retail chain with more than 50% market share



- ✓ 80 supermarkets under flagship banner FairPrice
- ✓ Started 24-hour convenience stores 5 years ago under banner of Cheers
- ✓ Cheers now has about 50 stores
- ✓ Country theme store called Liberty
- ✓ No-frills discount stores called Foodland
- ✓ Store-within-a-store concepts



Cheers Convenience Stores





- ✓ **China JV that operates hypermarkets**
- ✓ **Formed strategic alliance with ExxonMobil to operate c-stores in service stations**
- ✓ **Also operates warehousing and distribution company, trading company and buying offices in Malaysia, Thailand and China**





# Singapore Grocery Retail Market

# Singapore Retail Market

<b>Before 1997</b>	
Retailer	Country of Origin
NTUC FairPrice*	Singapore
Cold Storage+	Foreign
Prime Mart*	Singapore
Emporium	Foreign
SMART	Foreign

<b>2005</b>	
Retailer	Country of Origin
NTUC FairPrice*	Singapore
Cold Storage+	Foreign
Shop N Save+	Foreign
Giant+	Foreign
Carrefour	Foreign

\* denotes Singapore owned

+ denotes owned by Hong Kong based Dairy Farm International Group

# Singapore Retail Market

- ✓ In Singapore, apart from FairPrice, other key players are foreign owned
- ✓ FairPrice leads market with annual sales of US\$706 million, more than 50% market share
- ✓ Total grocery market in Singapore is US\$1.2 billion





# Impact of Global Players

# Impact of global players

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- ✓ **Singapore is a free economy with no barriers of entry**
- ✓ **In 1997, Tops (Dutch) and Carrefour (French) entered Singapore market**
- ✓ **In 1999, Delhaize (Belgium) took a stake of Shop N Save**
- ✓ **In 2000, Giant (acquired by Dairy Farm) entered Singapore**
- ✓ **Global players force FairPrice to do better**

# Impact of global players


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- ✓ **Local small independent retail shops are fading out due to competition**
- ✓ **Entry of global players inflated operation costs, rents have increased and wages were raised**
- ✓ **Survival of the strongest – similar scene in furniture industry**
- ✓ **Local players must find niche, competitive advantage and improve operations**



# FairPrice's Game Plan

# Co-operative Status

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- ✓ **Half a million members**
  - ✓ **Rebates & dividends ensures loyalty**
  - ✓ **Added base of LINK Loyalty programme members**

# Ensuring Best Value

- ✓ FairPrice synonymous with 'Best Value'
- ✓ Housebrand & Private Labels
- ✓ Increase operational efficiency and reduce operational costs
- ✓ Invested in central warehousing and distribution system
- ✓ Overseas buying office for more direct sourcing
- ✓ Harness power of Information Technology

# Location



- ✓ Be where the people are
- ✓ Secure good locations

# Leverage on Fresh Food Strength

- **Greater emphasis on quality assurance**
  - ✓ Good growth potential for fresh food
  - ✓ HACCP
  - ✓ Fresh Food Distribution Centre

# Ensure Convenience

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- **Cater to urban busy lifestyles**
- **Online shopping**
- **Enhance Ready-to-Eat & Ready-to-Drink Offerings**
- **Expand “Convenience” Formats**
  - ✓ FairPrice Xpress
  - ✓ Cheers

# Branding



When it comes to caring and sharing  
FairPrice plays a starring role.

- ✓ **Established & Strong Branding**
- ✓ **Unique Social Mission**
- ✓ **Nationalistic Appeal**

# Enhanced Loyalty Programme & CRM

- **Attract non-member customers**
  - ✓ Baby Plus Club
  - ✓ Wine Club
- **Enhanced data-mining**
  - ✓ customer database & Point-of-Sale (POS) info

A vibrant green lettuce head is shown splashing in water, with numerous water droplets and bubbles surrounding it. The lettuce is the central focus, appearing fresh and crisp. A blue banner with rounded ends is overlaid across the middle of the image, containing the text "Thank You" in a bold, yellow, sans-serif font. The background is a bright, clean white, which makes the green of the lettuce and the blue of the banner stand out prominently.

**Thank You**