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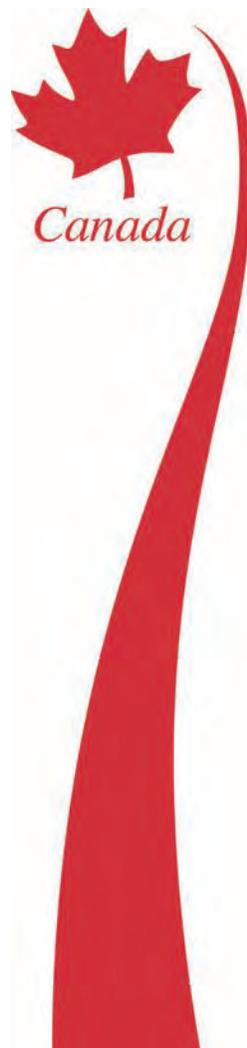
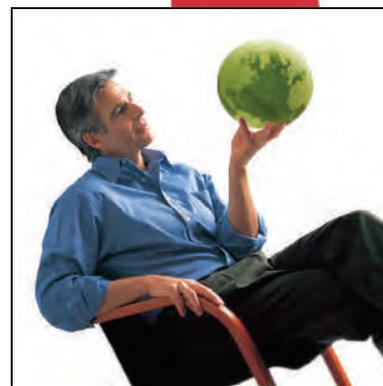
Modern Grocery Retailing in Major ASEAN Markets (Indonesia, Thailand, Malaysia, Singapore and the Philippines)



Source: Planet Retail, 2011.



Source: Planet Retail, 2011.



Modern Grocery Retailing

in Major ASEAN Markets (Indonesia, Thailand, Malaysia, Singapore and the Philippines)



▶ EXECUTIVE SUMMARY

This report focuses on five of the major markets in the Association of Southeast Asian Nations (ASEAN) in terms of gross domestic product (GDP): Indonesia, Thailand, Malaysia, Singapore and the Philippines.

In 2010, consumer expenditure on food and non-alcoholic beverages was the highest in Indonesia (US\$130.2 billion), followed by Thailand (US\$63.6 billion), the Philippines (US\$51.3 billion), Malaysia (US\$25.0 billion) and Singapore (US\$6.5 billion). However, the country with the highest per capita spending was Singapore (which also saw the highest per capita disposable incomes), followed by Thailand, Indonesia, Malaysia and the Philippines.

The country with the highest ratio of sales in the modern grocery retail format (which includes hypermarkets, supermarkets, and convenience stores) is Malaysia. Approximately 88% of Malaysian grocery retail sales take place in the modern retail segment, while the rest are through traditional retailers (such as small independent stores, wet markets, food stalls, and outdoor markets). The country with the smallest ratio of sales in modern grocery retailing is Indonesia, with 80% of grocery sales coming from traditional retailers.

Indonesia recorded the highest modern grocery retail sales value in 2010 by far, with US\$176 billion. Thailand reported the second-highest with US\$63.3 billion, followed by the Philippines (US\$54.7 billion), Malaysia (US\$36.7 billion), and Singapore (US\$13.9 billion).

In terms of top modern formats in 2010, convenience retailers achieved the highest retail sales in Thailand and Indonesia, while hypermarkets and superstores recorded the highest sales in Malaysia, the Philippines and Singapore. Other types of modern grocery retail channels in these ASEAN countries include: supermarkets, department stores with food halls, forecourt retailers, drugstores, cash and carries, duty-free stores, health food stores, e-commerce, warehouse clubs, and bakeries.

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INDONESIAN PACKAGED FOOD AND

BEVERAGE SALES GREW 92.2%

FROM 2006 TO 2011.



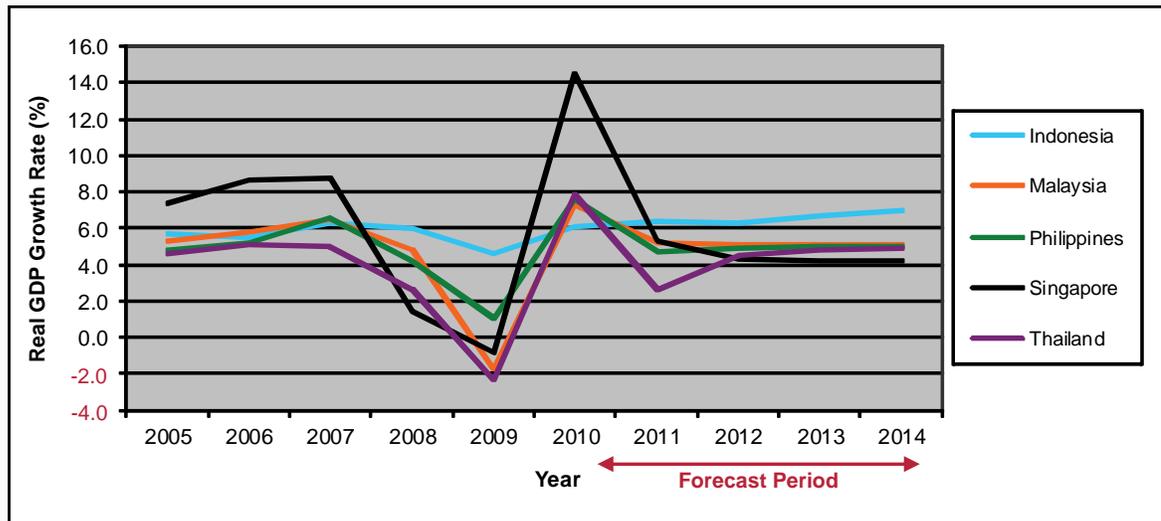
Source: Planet Retail, 2011.



▶ MAJOR ASEAN COUNTRIES: SOCIO-ECONOMIC FACTS

The population of the five major ASEAN markets reached a total of over 431 million in 2010, with Indonesia accounting for over 233 million people alone. Three of the five countries saw a decline in real GDP growth in 2009, but all achieved healthy real GDP growth rates in 2010, as shown below.

Real GDP Growth Rates for the Major ASEAN Countries – Historic and Forecast



Source: Euromonitor, 2011.

Indonesia

The population of Indonesia reached 233 million in 2010, and is expected to rise to 245 million by 2015. The country's GDP growth rate was 4.6% during the economic recession of 2009, grew to 6.1% in 2010, and is expected to reach 7% by 2014. Due to improving economic conditions, the number of Indonesians below the poverty line has decreased, and per capita disposable income has almost doubled since 2005. Even when accounting for inflation, overall disposable consumer income has also increased since 1995. Indonesians spent US\$130.2 billion on food and beverages in 2010, up from US\$66.8 billion in 2005.

The typical Indonesian diet consists of rice, vegetables, fish and seafood. However, due to increasing exposure to Western style culture and cuisine, Indonesians are moving away from their typical diets and purchasing more dairy products, meats, and eggs. Sales of pork are still relatively low due to a large Muslim population. Due to the large proportion of the population that still have low incomes and low nutrition rates, fortified products and supplements are the main health and wellness products on the market, but health and wellness as a broader food category is not really a popular concept in Indonesia.

Typically, Indonesians purchase their groceries fresh every day, with traditional (non-modern) retailing controlling around 80% of the grocery market. However, more and more consumers are purchasing their groceries on a weekly basis from the growing number of hypermarkets, supermarkets and convenience stores. Increasing urbanization has helped this growth, as more consumers are demanding and purchasing packaged foods, ready-meals, frozen foods, sauces and dressings. Indonesians generally prefer to eat at home for dinner, but will eat out for lunch at full-service restaurants or street stalls/kiosks.



Thailand

Thailand is home to over 69 million inhabitants, and recorded a real GDP growth rate of 7.9% in 2010, which is not only up from the -2.3% registered in 2009, but higher than pre-recessionary growth rates. Consumer disposable incomes continue to rise, along with expenditures on food and beverages, with the latter reaching US\$63.6 billion in 2010. Per capita disposable incomes rose 36% from 2005 to 2010.

The typical Thai diet is much like the Indonesian diet and consists largely of rice, vegetables, fish and seafood. Health and wellness products are more popular in Thailand than Indonesia on a per capita basis, due to increased awareness from media campaigns and Ministry of Public Health messaging. Thai consumers are also very concerned about the environment and are interested in purchasing eco-friendly products. Organic products are therefore expected to see high growth from a very low consumption base.

Spending on food and non-alcoholic beverages accounted for 25% of all household expenditures in 2010. Thai culture emphasizes the importance of food, and eating out for social purposes is popular. Traditional grocery retailers control 62% of grocery market sales, but consumers in Thailand are slowly shifting their preferences towards shopping at larger supermarkets and hypermarkets, instead of small, independently owned grocers. However, shopping preferences also rely on accessibility; consumers in urban areas will generally purchase food from larger retailers once or twice a week, while shoppers in rural areas will shop at smaller stores or wet markets on a daily basis. Most Thais will eat at home for dinner and dine out for lunch, for a quick snack, or social occasion. According to Euromonitor, Thais will dine out an average of 13 times per week, usually at street vendors, fast food outlets, cafés or snack bars during work hours.

From 2005 to 2010, all major Thai cities saw population increases and the number of single-person households grew by 17%, reflecting continued urbanization. Sales of frozen foods and ready-meals are subsequently expected to grow.

Malaysia

The population of Malaysia reached 28.4 million in 2010 and is expected to reach 30.4 million by 2015. The real GDP growth rate of Malaysia was -1.7% in 2009, but reached 7.3% in 2010. Annual disposable income grew by 44.6% from 2005 to 2010 and consumers spent US\$25 billion on food and beverages in 2010. Per capita annual gross income and disposable incomes are the second highest in the region, following Singapore. However, per capita spending on food and non-alcoholic beverages is lower than Singapore, Thailand and Indonesia.

Hypermarkets are common in large cities, as well as certain rural areas and small towns, but smaller supermarkets are still the norm in rural areas. Hypermarkets are becoming more popular than traditional supermarkets due to their modern and clean environment, as well as their lower prices. In fact, by 2010, traditional retailers only accounted for about 12% of grocery retail sales. Most consumers in Malaysia are concerned more with quality and freshness than price, however, price is becoming a more important factor. Also, Halal certification is very important as around 60% of the Malaysian population is Muslim.



Source: Planet Retail, 2011.

Increasingly busy lifestyles are forcing some Malaysians to eat outside the home. Foodservice sales increased from 2005 to 2010, including those within full-service restaurants, 'mamak' street stalls and fast-food restaurants. A good percentage of the country's GDP is supported by travel and tourism, as Malaysia is the 9th most visited travel destination in the world. Over half of Malaysia's tourists come from the more affluent Singapore, who come to Malaysia for shopping, dining and entertainment.



Singapore

Although Singapore's population is relatively small at 5 million, compared to other South East Asian countries, its per capita disposable income was higher than any of the major ASEAN countries in 2010 by far. It was almost four and a half times greater than that of Malaysia, which ranked second highest. The country's overall consumption of food and beverages was just US\$6.5 billion in 2010, however, per capita consumption of food and beverages is the highest in the region. Singapore's real GDP growth was an impressive 14.5% in 2010, having only declined 0.8% in 2009. Inflation rates are also expected to be lower than the other primary ASEAN members from 2012 to 2015.

Much like the other major markets in the ASEAN region, wet markets are popular in Singapore's rural areas and even urban neighbourhoods. Traditional grocery retailers still hold around 20-30% of the grocery market. Hypermarkets and supermarkets are very popular in urban areas, but wet markets and stalls are perceived to carry fresher meats and vegetables. Imported high-end grocery products can be found in specialist supermarkets such as FairPrice Finest and Jason's Marketplace.

Most Singaporeans cook meals fresh at home, and frozen products or ready-meals are not very popular options. However, packaged foods such as bread, breakfast cereals, dairy products, snack bars, instant noodles and sandwiches are seeing high sales growth. Consumers in Singapore will mostly dine-out somewhere near their work for lunch, and will visit street stalls, hawker centres and food courts for dinner or a quick snack.

The Philippines

The population of the Philippines reached 94.8 million in 2010, making it the second largest market after Indonesia. Annual disposable income for the country reached US\$125.0 billion in 2010, but per capita disposable income in 2010 was just US\$1,547, making it the lowest in the region. Despite spending a total of US\$51.3 billion on food and beverages, Filipino consumers have the lowest per capita spending on food and beverages of the five major ASEAN markets. However, the Philippines, along with Indonesia, did not see negative GDP growth rates during the 2009 downturn, and had a 7.6% real GDP growth rate in 2010.

Filipinos generally live in large or multi-family households of six or more people. However, the number of single-person households grew by 13.3% from 2005 to 2009, as young affluent professionals are waiting longer to get married and putting a greater emphasis on education. This has led to increasing consumption of packaged and processed foods. In fact, the Philippines is one of the largest consumers of processed foods in Asia. Hypermarkets and superstores are where most of the modern grocery retail spending occurs, although traditional wet markets are still the norm, with 70% of total grocery sales. Staple foods in the Philippines include rice, fish, seafood, fruit and vegetables.

Eating out at restaurants for dinner is more popular than eating out for lunch. Due to busier lifestyles and more women working outside the home, it is common to see many Filipino households (even those with lower incomes), purchasing ready-to-eat meals on their way home from work. Purchasing food from street stalls, noodle stores and meat vendors is cheaper than preparing food at home due to the high price of cooking fuel. Street kiosks and stalls achieved the highest growth rates in the country's foodservice sector from 2005 to 2009.



Source: Shutterstock, 2011.

▶ PACKAGED FOOD SALES



The total packaged food and non-alcoholic beverages market in the five major ASEAN countries reached US\$61.6 billion in 2010. Indonesia had the highest packaged food sales in the region, but Singapore had the highest per capita retail sales of packaged food and beverages. Indonesia had the highest retail sales growth for packaged food and beverages, at 92.2% from 2006 to 2011. Over the same time period, the fastest growing category was meal replacements in Malaysia, at 307.6%, while the slowest growing market was snack bars in the Philippines, at 5.8%.

Retail Sales of Packaged Food and Non-Alcoholic Drinks – Retail Value in US\$ Millions – Current Prices

Country	2006	2007	2008	2009	2010	2011
Indonesia	15,404.9	17,965.7	20,898.3	23,187.2	26,179.1	29,746.1
Malaysia	5,453.2	5,710.4	6,225.3	6,513.5	6,873.8	7,240.0
Philippines	10,936.8	11,450.1	12,390.2	13,238.3	14,336.8	14,976.3
Singapore	2,034.7	2,140.0	2,344.4	2,409.7	2,492.3	2,579.6
Thailand	9,299.6	10,065.0	10,774.7	11,600.1	12,418.6	13,354.0

Source: Euromonitor, 2011.

Period Growth (%) of Packaged Food and Non-Alcoholic Beverage Categories Based on Retail Value in US\$ Millions – 2006 to 2011

Food Category	Indonesia	Thailand	Malaysia	Singapore	Philippines
Hot Drinks	89.1	74.2	39.0	30.6	59.5
Baby Food	110.4	38.2	54.8	26.5	39.2
Bakery	60.8	34.9	16.5	18.9	37.0
Canned/Preserved Food	139.8	31.9	18.5	20.0	51.9
Chilled Processed Food	85.5	63.1	19.0	13.3	38.0
Confectionery	67.2	39.6	16.6	22.7	26.8
Dairy	76.6	38.2	28.6	31.3	45.2
Dried Processed Food	125.0	76.9	58.0	47.7	44.9
Frozen Processed Food	135.0	69.2	18.2	17.8	44.8
Ice Cream	84.6	32.5	22.5	22.8	29.2
Meal Replacement	121.4	9.5	307.6	10.6	73.0
Noodles	74.9	44.1	66.5	24.7	37.7
Oils and Fats	87.1	56.3	21.6	32.1	45.2
Pasta	98.3	30.9	124.6	24.1	87.2
Ready Meals	34.9	98.3	20.1	13.7	46.8
Sauces, Dressings and Condiments	66.2	28.4	17.1	17.3	38.0
Snack Bars	-	61.9	6.1	17.9	5.8
Soup	107.2	36.2	31.6	28.1	51.5
Spreads	61.1	25.8	25.4	15.6	20.7
Sweet and Savoury Snacks	68.1	39.9	18.9	17.4	43.6
Soft Drinks	98.2	36.4	41.2	30.8	49.5
Total Packaged Food (not including drinks)	92.2	43.4	30.5	25.6	41.1

Source: Euromonitor, 2011.

▶ **MODERN GROCERY RETAILERS**



Indonesia, Thailand, Malaysia, Singapore and the Philippines are known to rely on traditional wet markets, kiosks, food stalls and small independent grocery retailers, but consumer preferences, incomes and attitudes are changing, causing modern retail to flourish. The total modern grocery retail market* reached sales of over US\$344 billion** for these five ASEAN countries in 2010.

Modern Grocery Retail Sales in the Major ASEAN Countries – US\$ Billions

Country	2006	2007	2008	2009	2010
Indonesia	107.1	128.0	140.5	141.1	176.0
Thailand	42.9	52.1	55.5	53.2	63.3
Malaysia	23.9	28.4	32.8	31.4	36.7
Singapore	9.6	11.2	12.3	12.0	13.9
Philippines	34.4	41.2	47.9	47.5	54.7
Total	217.9	260.8	289.1	285.2	344.7

Source: Planet Retail, 2011.

Indonesia

According to the United States Department of Agriculture (USDA) more than 60 million low income Indonesians are expected to bridge into the middle class by the end of 2020. As incomes continue to rise, so will the demand for more premium and branded products. Consumers are also becoming more concerned with their health and are searching for fortified foods.

Much of the grocery sales in Indonesia are from small independent food retailers or wet markets. However, more and more consumers, especially in urban areas, are purchasing their groceries from modern retailers. The modern grocery retail sector recorded sales of US\$176.0 billion in 2010. The most popular grocery retailers in Indonesia (as shown on page 13) are convenience retailers or mini-markets, with the top banners selling US\$3.1 billion worth of grocery items in 2010. Hypermarkets followed with grocery sales of US\$1.8 billion.

Indomaret and Alfa Mart are the leading grocery retailers (convenience store format) in terms of sales. Indomaret had 4,955 retail outlets in 2010, with about 60% of stores in the Jakarta area. They are supplied by 12 distribution centres, with over 400 different suppliers for food and non-food items. According to Planet Retail, these modern stores carry around 3,500 product lines, with a range of well known multinational brands. The most popular hypermarket in Indonesia is Carrefour, which took over Alfa Retailindo's supermarket and cash and carry chain in Indonesia. Carrefour plans to use Alfa locations in Jakarta to create upscale supermarkets. Around 95% of all the products sold in Carrefour stores are made in Indonesia, providing little room for imports. Hero, a supermarket chain with 120 outlets, caters more to the upscale market and would be better suited for Canadian imports. The Hero chain of stores is located in Jakarta and other major cities. Foodmart is another upscale supermarket in Indonesia, usually located in Matahari department stores.

Some smaller high-end supermarkets and specialty stores in Indonesia include Lucky Supermarket, The Food Hall, Japanese Papaya, Ranch Market and Gourmet Garage. Most high end supermarkets are located in Jakarta or Bali. Some small regional supermarket chains include: Toserba & Griya Supermarket, Borma, Hardy's, Macan Yaohan, Naga Supermarket, Rita Supermarket, and Suzuya Supermarket.

When exporting to Indonesia, most grocery products are sold through a distributor, importer or agent, who then sells to a central warehouse for a wholesaler or supermarket, a sub-distributor for a smaller city, or a branch of a large distributor. Regional supermarkets use agents or importers to source foreign products. Many products imported into Indonesia actually enter through Singapore. The Indonesian Food and Drug Agency (BPOM) requires any imports of processed foods, raw food materials and other food-related ingredients to undergo a lengthy approval process, causing some companies to discontinue their exports to Indonesia.

*See the Appendix on pages 13-15 for a breakdown of the top modern grocery retail sales by country, retail formats and banner.
 **Please note that not all smaller modern grocers and/or smaller independent retailers are included within this figure, as they may still be considered a part of "traditional" grocery retail by Planet Retail's classification.



► MODERN GROCERY RETAILERS (continued)

Thailand

As previously mentioned, Thai consumers' disposable incomes are relatively mid-range when compared to the other four ASEAN markets covered in this report, however, per capita consumption is fairly high. First time exporters usually use a local importer or distributor to enter the Thai market. According to the USDA, interpersonal relationships are very important when doing business in Thailand.

The 7-Eleven chain of convenience stores saw the highest grocery banner sales in Thailand, but the most popular modern retail channel is hypermarkets/superstores with sales of US\$4.2 billion. The modern grocery market in Thailand is very fragmented, with Tesco Lotus, Big C and Carrefour as the three players in this channel. Makro, a cash and carry, is another large grocery retailer.

Much like Indonesia, wet markets and food stalls are the main sources of food purchases for many consumers. However, more and more Thais are shopping at modern grocery retailers due to a wider range of products and low prices. Some grocery retailers (such as Tops Market, Central Food Hall, Villa Market, and Jusco) specifically target foreign workers, tourists and mid- to high-income Thais. Many other grocery retailers have an imported products section catering to high-end consumers. Tops Market, owned by Central Retail, is somewhat different than its counterparts Tops Super and Tops Daily. It contains many service counters for ready-to-eat foods such as pizza, sushi, sandwiches and salads, and also has its own juice bar. There are 32 Tops Markets in Thailand. The Central Food Hall, also owned by Central Retail, is another upscale grocery retailer positioned as the best premium shopping store in Asia. These outlets merge grocery retailing with foodservice, with one outlet boasting over 1,000 food court seats. Villa Market is a main supermarket competitor to the Tops Market. It currently has 18 retail outlets and is Thailand's longest established local supermarket chain.

Malaysia

Malaysians are the second richest consumers of the five major ASEAN markets, after Singaporeans. They have a preference for high quality products and there is a trend towards consuming more Western foods. However, Malaysians are generally more price sensitive. Thus importers may be best to target expatriate consumers, high-income Malaysians, as well as tourists from nearby Singapore and other countries.

The modern grocery retail segment in Malaysia recorded sales of over US\$36.7 billion in 2010. The most popular retail segment is hypermarkets, with Tesco leading in sales, followed by Giant, Jusco and Econsave. Jusco, owned by AEON, is much like a supercentre or department store with a large food hall. Jusco outlets sell mostly clothing and general merchandise, but also carry groceries catering to high-end clients. With 23 stores in Malaysia, they are often anchor tenants, or primary consumer draws within shopping centres. Parkson Grand is a department store chain with food halls, that also caters to the upscale market. There are 26 Parkson Grand stores in Malaysia, with all but 3 located in the country's more affluent Western region.

According to the USDA, there are a few small specialist retailers that cater to expatriates and upper class Malaysians such as Hock Choon Supermarket in Kuala Lumpur, and Tong Hing Supermarket in Kota Kinabalu. These stores carry an array of imported goods from all over the world.

When exporting to Malaysia it is usually best to use a local distributor who would be responsible for customs clearance, dealing with wholesalers/retailers, and handling after sales service. Most food product imports are ingredients, as Malaysia has a strong processed food industry that supplies both local and export markets. However, there are some consumer-ready packaged food products sold to expatriates through hypermarkets, department stores, and specialty stores such as Cold Storage (a member of the 'Giant' grocery retail family, owned by Dairy Farm), Jusco, and Parkson Grand. Most foreign products are imported into the country through local importers and then straight to retail chains. Bulk items and generic products are brought into the country through an importer who then sells to a wholesaler, followed by retail chains. The number of direct imports from retailers in Malaysia has increased in recent years as they try to reduce costs and gain more control over supply chains.



▶ MODERN GROCERY RETAILERS (continued)

Singapore

Singapore is traditionally a free port with over 99% of all imports being duty free. The most common way to enter the Singaporean market is to use a local agent or distributor. Other ASEAN countries can also be served through the Singaporean market.

The Singaporean market is relatively small compared to the other four main countries in the ASEAN region. However, with its highly affluent population and array of upscale supermarkets with diverse product offerings, the Singaporean market may be more suitable for Canadian food exports than other ASEAN countries. Traditional wet markets, sundry shops, and “mom and pop” shops are the most popular in terms of outlet numbers (representing 70% of all grocery outlets), but they cater to lower-income consumers. Therefore, modern grocery retail dominates Singapore’s market in terms of value sales.

Hypermarkets have the highest sales in the modern grocery retail segment (US\$1.6 billion in 2010, as shown on page 15), with FairPrice as the most popular chain. FairPrice generally caters to low- to mid-income consumers while FairPrice Finest superstores cater to high-income consumers, offering Swiss and European style bakeries and wine cellars. There are 6 FairPrice Finest stores in Singapore. The Cold Storage group (owned by Dairy Farm), which also owns Jason’s Market Place, offers many gourmet products catering to high-income expatriates, tourists, and Singaporeans. These stores are located in city centres, but Cold Storage retail outlets focus more on fresh foods, while Jason’s Market Place focuses more on organic, natural and premium products. Carrefour also offers foreign products and caters to middle- and upper-class citizens.

Large Singaporean grocery retailers purchase imported products directly from the exporter or foreign-based wholesaler, while smaller grocery retailers purchase from local distributors or importers. FairPrice Finest usually uses direct sourcing, but will use some preferred agents for smaller volume supplies. The Cold Storage Group uses direct sourcing, as well as a preferred list of agents. Carrefour purchases products directly from supplier groups.

The Philippines

Consumers in the Philippines have the lowest per capita disposable income of the five main ASEAN countries, and sari-sari stores (wet markets and independent small grocery retailers) represent about 70% of the country’s grocery market value sales. The abundance of traditional grocery retailers is due to the number of low income consumers, their close proximity to places of residence, and consumers’ ability to run a ‘tab,’ which is easier for villagers on seasonal incomes. However, modern grocery retailing is expected to grow in the future, while traditional independent retailers will see sales decline.

The top modern grocery retailers in the Philippines recorded sales of US\$2.9 billion in 2010 (as shown on page 15). Hypermarkets achieved the highest sales of any modern retail channel, with SM hypermarkets being the most popular. Other popular modern grocery banners include: Pure Gold Price Club (hypermarket), Save More (neighbourhood store), Robinsons Supermarket (hypermarket) and ShopWise (hypermarket).

Only a few grocery retailers in the Philippines target middle- to upper-income consumers, such as Robinsons Choice Supermarket and Rustan Supermarkets, both located in Eastwood City, the latter of which has 22 outlets throughout the country. Upscale bakeries are also unique to the Philippines, with chains such as Red Ribbon Bakery and Delifrance. There are 250 Red Ribbon Bakery locations in the Philippines that allow customers to personalize their cakes and pastries.

There is a particular trend among grocery retailers to open in mall locations, and sometimes create their own shopping centres, such as Walter Mart. These shopping centres act as anchor places for Filipino consumers looking to shop for groceries and non-food items, while also allowing them to eat and socialize.



▶ MAJOR GROCERY RETAIL TRENDS

Emergence, Expansion and Control of Modern Retail

Across the ASEAN region, traditional grocery retailers are losing market share to their modern counterparts. The emergence and expansion of modern retailing can be attributed to higher per capita disposable incomes, increasing urbanization, lifestyle changes increasing the demand for packaged foods and ready-meals, increasing consumer desire for quality products in bright and sanitary environments, and increasing demand for one-stop shopping.

In the wake of such expansion, there have been recent efforts by local ASEAN governments to protect traditional retail outlets. In Thailand, for example, the government introduced a law requiring stores with selling space of 300-4000 square metres to be located at least 15 kilometres away from central city zones. Similarly, the government in Singapore is making sure that modern retailers who buy traditional retailer space, must preserve the traditional retail format of that space. The Singaporean government is also providing funding to traditional grocery retailers, to help revamp and update their outlets. In Indonesia, the government has recently started controlling the locations of newly created modern retail stores. However, in contrast, the Filipino and Malaysian governments have done very little to protect traditional grocery retailers, largely because modern grocery retailers promote job creation in the Philippines, and cater to consumer demands in Malaysia.

Internet-based Retail

Internet retailing is gaining popularity in some major ASEAN markets as disposable incomes rise, and consumer access to the internet improves.

Internet retailing is growing in Indonesia, but not for grocery-type sales. Only about 13% of Indonesian consumers had access to the internet in 2009, and amongst those that did, many remain wary about purchasing items online. Internet retailing in Thailand, however, has taken off and is expected to achieve healthy growth in the coming years. Most internet retailing consists of non-food items, but some food and beverage products are starting to be sold online. CP Fresh Mart, the specialist food retailer in Thailand, recently started selling its food items online. Although both food and non-food products are sold online in Malaysia, internet retailing is not expected to achieve significant growth within the next few years.

In Singapore, internet grocery retail is much more prominent. Many more consumers have access to the internet compared to the other major ASEAN countries, and many consumers even have smartphones with internet access. In fact, the number of broadband access links exceeds the number of households in Singapore. Two large Singaporean chain owners, Dairy Farm International Holdings and FairPrice Co-operative, have internet grocery retail stores. Grocery sales for FairPrice online were valued at over US\$17 million in 2010. Their product selection, however, is much smaller than their physical hypermarkets and superstores. Internet retailing in Singapore is expected to achieve healthy growth, although most online purchases will continue to be non-food items.



▶ MAJOR GROCERY RETAIL TRENDS (continued)



Private Label Products

Private label products are not traditionally embraced in the five major ASEAN countries, but have been gaining more acceptance due to the economic downturn, and the growing consumer realization that they are not necessarily lower quality than branded items. Aggressive marketing campaigns and the increasing number of private label products have also helped sales growth. Grocery retailers such as FairPrice, Dairy Farm and Sheng Siong Supermarkets have plans to both increase the number of private label products offered in their stores, and include premium products in this expansion.

Private label products were not popular in the Philippines before 2010, as consumers would not purchase unknown brands and retailers did not promote their private label products very well. However, the recession caused even mid- and high-income Filipinos to cut back on their grocery spending. In Singapore and Malaysia, private label products are presented to consumers in a three-tier format: budget, mid-priced, and premium. However, Malaysians are even more welcoming of private label products than Singaporeans, viewing private labels as a way to purchase imported products at a cheaper price. Private label products are expected to achieve healthy growth in Malaysia. Private label products are also doing well in the Thai market, where they are seen as having the same quality as branded products. In contrast, Indonesians still perceive private label products to be of lower quality. This may be attributed to the limited presence of private label products, which are usually only available in economy lines that account for a very small share of the grocery market. Despite this, sales of private label products in Indonesia are expected to grow faster than the general grocery market.

Anchor Places

Anchor places are centres that offer a totally pre-packaged lifestyle experience where busy consumers can shop, work, socialize, eat and be entertained. Walter Mart in the Philippines is a good example of the anchor place phenomenon. As described on their website, “Walter Mart has become the ‘third place,’ wherein, in the daily grind of a customer’s life, Walter Mart has essentially become the ‘reliable link’ between their home and their place of work.” Walter Mart has 11 locations in Laguna, Cavite, Manila, Bulacan, and Nueva Ecija.



Source: Planet Retail, 2011.

Other examples of anchor places are Malaysia’s Jusco stores and Thailand’s Central Food Hall’s, both located within shopping centres. These stores are the main anchor tenants, but are also areas for ‘lifestyle experiences’ allowing consumers to leisurely shop, dine and socialize in the attached mall.

Product Downsizing

As the number of single-person households increases and young consumers wait longer to get married and have children, smaller product sizes are becoming more convenient. Smaller sized products are also in demand by lower-income consumers, who might not have enough money to purchase larger quantities, and tend to buy their foods fresh on a daily basis.

Discounters

Discount and wholesale retailers are not very prominent in the five primary ASEAN markets, with the exception of Makro in Thailand, even though the average household size is still relatively large and would seemingly appeal to such formats. This is partly because shopping for bulk groceries or multiple items that last longer than a week, is not a popular practice. When consumers are looking for discounted products, they simply purchase private label products or wait for items to go on sale at hypermarkets and supermarkets.



▶ APPENDIX: TOP GROCERY RETAILERS

The following tables illustrate grocery retail sales for the top grocery formats and banners in each of the five major ASEAN markets discussed in this report. Unless otherwise noted, all of the information in this section was derived from Planet Retail (2011).

Retail Sales for Top Grocery Formats and Banners in Indonesia – US\$ Millions

Format	Banner	2010
Convenience stores	7-Eleven	1.9
	Alfa Mart	13,76.8
	Indomaret	1,708.4
	Starmart	38.0
Department stores (with food hall)	Ramayana	180.5
Drugstores	Boston Drugs Pharmacy	3.1
Drugstores/pharmacies	Guardian	7.7
	Watsons Your Personal Store	1.2
Duty free stores	DFS	45.2
Forecourt stores	Circle K	9.2
	Petronas	17.3
	Shell Shop	9.3
Hypermarkets	Carrefour	664.5
	Giant	279.5
	Hypermart	471.6
	Lotte Mart	360.5
Supermarkets	Carrefour Express	55.4
	foodmart	49.2
	Hero	214.5
	Super Indo	105.7
Total Top Formats and Banners		5,599.5



Source: Planet Retail, 2011.



▶ **APPENDIX: TOP GROCERY RETAILERS (continued)**

Retail Sales for Top Grocery Formats and Banners in Thailand – US\$ Millions

Format	Banner	2010
Cash and carries	Makro	1,880.6
Convenience stores	7-Eleven	3,431.6
	Carrefour City	4.2
	FamilyMart	214.1
	Mini Big C	47.6
	Tesco Lotus Express	395.9
	Tops Daily	54.6
Department stores (with food hall)	Isetan	9.5
Drugstores/pharmacies	Boots	1.4
	Watsons Your Personal Store	33.4
Food department stores	Central Food Hall	40.8
Forecourt stores	Amazon Cafe	73.0
	Petronas	0.5
	Select	4.9
	Star Mart	23.8
	Tiger Mart	38.4
Hypermarkets	Big C	1,488.5
Hypermarkets and superstores	Carrefour	602.9
	Tesco Lotus	2,157.6
Neighbourhood stores	MaxValu Tanjai	0.1
Supermarkets	Carrefour Market	7.9
	Foodland	86.8
	MaxValu	46.3
	Tops Market	118.7
	Tops Super	386.9
	Villa Market	139.7
Supermarkets and Neighbourhood stores	Talad Lotus	560.7
Superstores	Jusco	31.5
Total Top Formats and Banners		11,881.9



Source: Planet Retail, 2011.



▶ **APPENDIX: TOP GROCERY RETAILERS (continued)**

Retail Sales for Top Grocery Formats and Banners in Malaysia – US\$ Millions

Format	Banner	2010
Convenience stores	7-Eleven	308.1
	Carrefour Express	13.2
Department stores (with food hall)	Isetan	25.5
	Parkson Grand	92.3
	Parkson Ria	6.7
	The Store	138.3
Drugstores/pharmacies	Guardian	45.4
	Watsons Your Personal Store	81.2
Forecourt stores	Mesra	102.0
	On the Run	5.7
	Select	34.7
	Shell Shop	37.9
	Star Mart	21.3
	Tiger Mart	25.8
Hypermarkets	Carrefour	266.1
	Giant	505.9
	Jusco	414.4
	Pacific	63.6
	Tesco	660.7
Hypermarkets and superstores	Eonsave	403.6
Supermarkets	Giant	190.8
	MaxValu	13.6
Superstores	Tesco	3.4
Total Top Formats and Banners		3,460.3



Source: Planet Retail, 2011.

▶ **APPENDIX: TOP GROCERY RETAILERS (continued)**



Retail Sales for Top Grocery Formats and Banners in Singapore – US\$ Millions

Format	Banner	2010
Convenience stores	7-Eleven	474.7
	Cheers	88.3
Department stores (with food hall)	Isetan	57.1
Drugstores/pharmacies	Guardian	24.6
	Watsons Your Personal Store	41.0
Duty free stores	DFS	77.6
	Perfumes & Cosmetics	98.6
Forecourt stores	FairPrice Express	13.4
	Star Mart	6.9
Grocery e-commerce	FairPriceonline	17.3
Health food stores	Holland & Barrett	2.2
Hypermarkets	Carrefour	62.1
	FairPrice Xtra	127.4
	Giant	90.8
	Cold Storage	295.5
	FairPrice	1,043.3
	Jasons Market Place	48.1
Supermarkets	Sheng Siong	416.1
	Shop N Save	236.4
	ThreeSixty	5.1
Superstores	FairPrice Finest	181.8
Variety stores (non-food)	HomeMart	4.8
Total Top Formats and Banners		3,413.4

▶ APPENDIX: TOP GROCERY RETAILERS (continued)



Retail Sales for Top Grocery Formats and Banners in the Philippines – US\$ Millions

Format	Banner	2010
Bakeries	Delifrance	22.8
	Red Ribbon Bakeshop	53.9
Cash and carries	Makro	96.6
Convenience stores	7-Eleven	114.0
	Ministop	125.1
Discount stores	Puregold Extra	0.9
Drugstores/pharmacies	Mercury Drug	88.2
	Watsons Your Personal Store	64.0
Forecourt stores	PTT	9.8
	Select	9.2
	Star Mart	6.2
	Total	8.3
Hypermarkets	Puregold Price Club	326.9
	Shopwise	169.6
	SM Hypermarket	338.2
Hypermarkets and superstores	SM Supermarket	450.2
	Walter Mart	147.6
Neighbourhood stores	Puregold Jr.	31.4
	Save More	263.3
Supermarkets	Robinsons Supermarket	286.1
	Rustan Supermarkets	135.6
Supermarkets and Neighbourhood stores	XpressLane	69.7
Warehouse clubs	Uniwide Sales Warehouse Club	56.8
Total Top Formats and Banners		2,874.4



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