

Retail Singapore

2018

Diamond Retail Review

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July 2018

Diamond Retail Media Co., Ltd.

Contents

Part 1	Introduction	3
	List of figures, terminology	
Part 2	Executive summary	8
Part 3	Singapore economy, consumer/shopper and the retail market	13
	Population, GDP, household income, household expenditure, retail market defined	
Part 4	Singapore retail dynamics	35
	Singapore retail market in the past 5 years (2012-2016), Voice of retail industry expert	
Part 5	E-commerce of ASEAN 6	55
	ASEAN 6 current and year 2025 e-commerce status (Temasek Holdings/Google research), and progress of e-commerce in Singapore	
Part 6	Singapore top 50 retailers ranking and overview of major retailers	66
	NTUC FairPrice Co-operative Ltd.	
	Cold Storage Singapore (1983) Pte. Ltd.	
	Sheng Siong Group Ltd.	
	Ikano Pte. Ltd. (IKEA)	
	Takashimaya Singapore Ltd.	
	Courts (Singapore) Pte. Ltd.	
	Watson's Personal Care Stores Pte. Ltd.	
	Isetan (Singapore) Ltd.	
	Robinson & Company (Singapore) Pte. Ltd.	
	Uniqlo (Singapore) Pte. Ltd.	
	Metro (Private) Ltd.	
Part 7	Appendix: Key statistics	108
Part 8	About us: Diamond Retail Review	118

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At a glance: Singapore 2017

<p>Total population 2017 5,612,253 + 0.1% YOY</p>	<p>Singapore residents 2017 3,965,796 + 0.8% YOY</p>	<p>Residents household 2017 1,289,900 + 2.1% YOY</p>
<p>Average residents household size 2017 3.3 persons - 0.1 persons YOY</p>	<p>Average residents household income earner 2017 1.7 persons - 0.1 persons YOY</p>	<p>Average monthly household income 2017 SGD9,633 + 2.9% YOY</p>
<p>Home ownership among residents households 2017 90.7% - 0.2 % YOY</p>	<p>Literacy rate among residents aged 15 years + 2017 97.2% + 0.2% YOY</p>	<p>Gross Domestic Product 2017 SGD422.7 billion + 3.6% YOY</p>
<p>GDP per capita 2017 SGD79,697 + 4.4% YOY</p>	<p>International visitor arrivals 2017 17.4 million + 6.2% YOY</p>	<p>Consumer Price Index 2017 99.5 + 0.6% YOY</p>

Source: Singapore Department of Statistics

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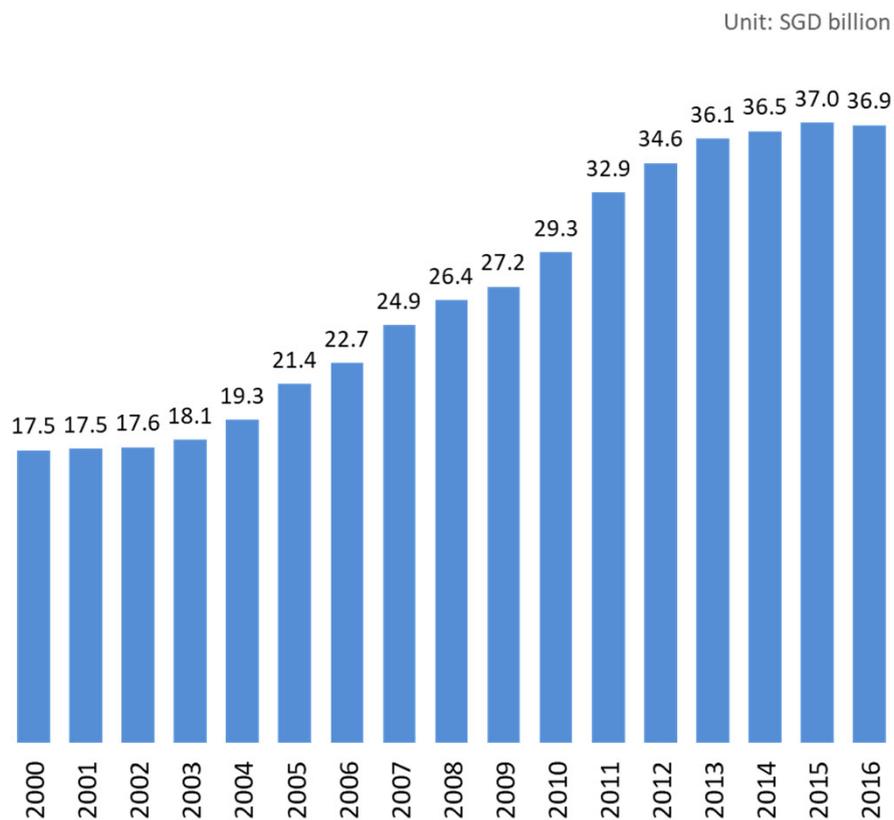
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Singapore's 2016 retail market contracted, the first in this century

Figure 1 (reiterated)

Singapore retail market size, 2000-2016



Source: Singapore Department of Statistics

- To reiterate, Singapore's retail market size in 2016 was SGD36,862 million. This was 2.1 times the retail market in Singapore during year 2000 (see figure 1, reiterated).
- Since 2000, GDP saw a 2-year contraction, 2001 due to the IT bubble burst and 2009 the Lehman Brother's crisis but retail revenue remained unperturbed amidst the international financial turmoil. In 2016 though, the retail market finally succumbed to a 0.5 percent drop in revenue, from SGD37,040 million in 2015 to SGD36,862 million. A first negative growth since 2000.
- Total retail stores numbered 23,700 in Singapore in 2016. From 2009 to 2016, the number of stores had increased 29%, whilst retail revenue went up 36% (see figure 17, page 29).
- Backtrack to year 2000, the number of retail stores was 19,000 and the subsequent few years thereafter, the number of stores, much like a pendulum, swung up and down on a moderate scale until the numbers dwindled in 2009 at 18,378, the lowest since 2000. However, number of stores began to ascend from 2010.

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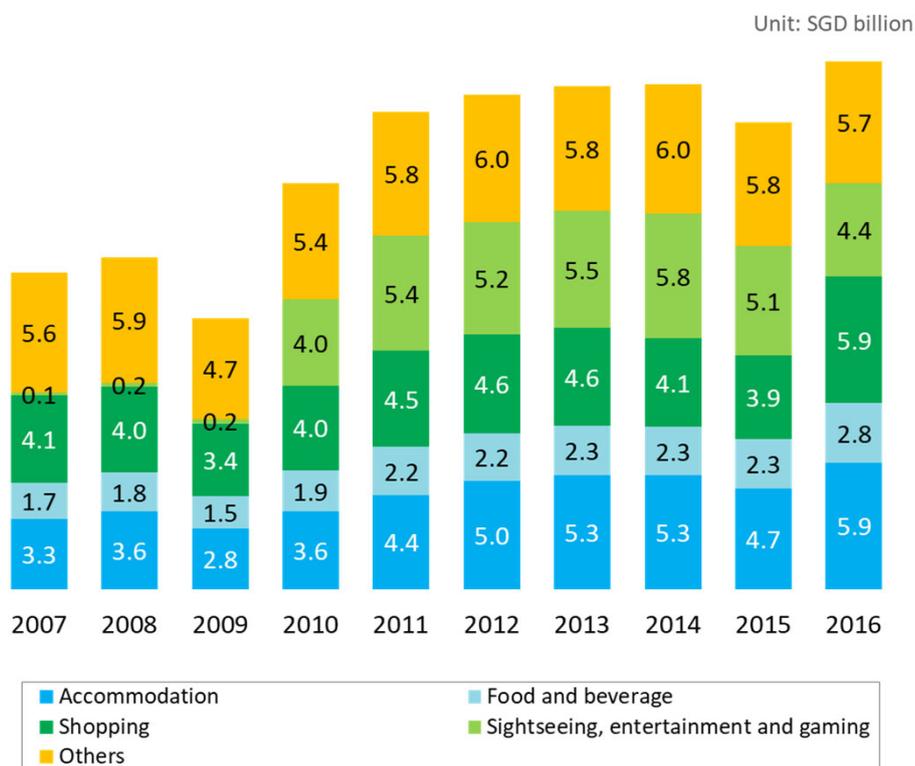
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SGD5.9 billion spent on shopping by tourists in Singapore in 2016

Figure 20

Singapore tourism: International tourist spending by category



Source: Singapore Tourism Board

Note: Total figures may not add up due to rounding

- A total of SGD24.6 billion was spent by 16.4 million tourists in Singapore in 2016. Among the categories spent by tourists, sightseeing/entertainment/gaming has drastically increased in 2010. From SGD201 million in 2009 to SGD4,013 million in 2010. During this time there were rampant developments of integrated resorts (IR) and their timely opening for business included casinos among other facilities in 2010 (see figure 20).
- In 2016, shopping top the list with 24.0 percent ratio among all category spent by tourists in Singapore. This is followed by accommodation at 23.9 percent, sightseeing/entertainment/gaming at 17.7 percent and 11.3 percent for food and beverages.
- Tourists spent around SGD4 billion for shopping in a year consistently for the past 10 years. In 2011 and 2012, spending reached the marked of SGD4.5 billion and in 2015 dropped slightly down to SGD3.9 billion and shot up drastically to SGD5.9 billion in 2016.
- Connecting the dots of tourists spending SGD5.9 billion for shopping in 2016 and Singapore’s total retail market size of SGD36.9 billion, this equates to a 16 percent chunk of the retail pie being consumed by tourism.

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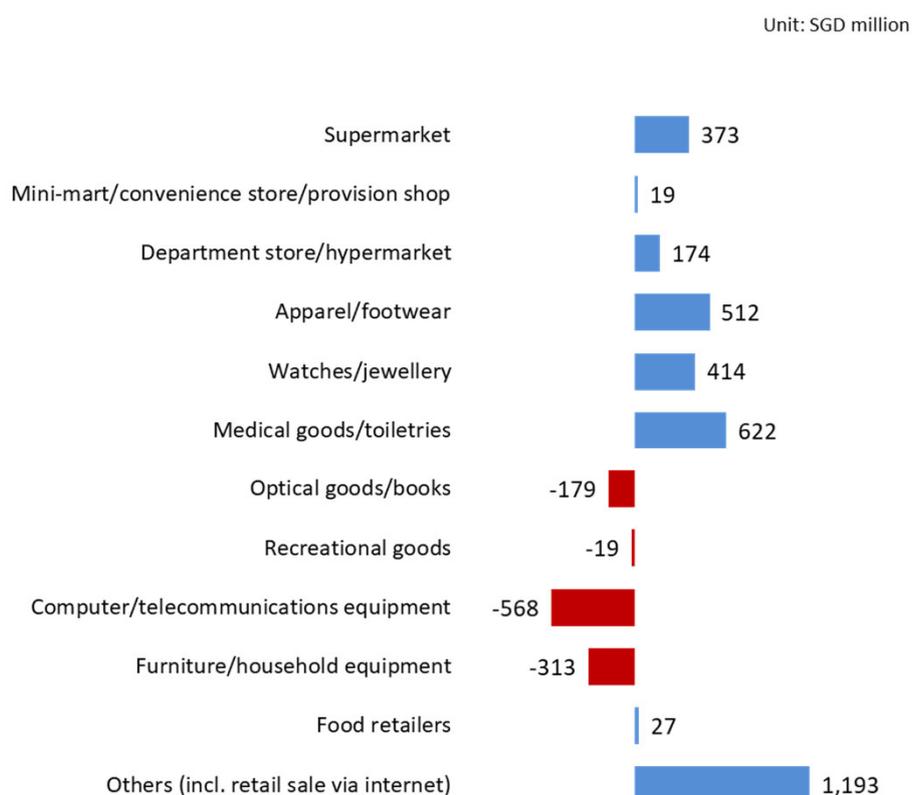
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4 category specialists underperformance contracted the retail market

- For the past 5 years (2012-2016), 4 category specialists underperformed in generating revenue causing market contraction. Computer/telecommunication channel suffered the greatest loss of revenue, amounting to SGD568 million (see figure 3, reiterated). In addition, the combined loss of SGD1,079 million in revenue were contributed by furniture/household equipment, optical goods/books and recreational goods.
- CAGR of the past 5 years (2012-2016) indicated the highest growth potential of 9.7 percent per annum coming from the category under others, which include online sales (see figure 24, page 40). Other channels recognized for their growth potential were medical goods/toiletries, achieved CAGR of 6.3 percent, and Supermarket at 4.2 percent.

Figure 3 (reiterated)

Singapore retail channels 5 years revenue growth disparity, 2012 and 2016 comparisons



Source: Singapore Department of Statistics

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Total Southeast Asia internet economy to reach USD200 billion

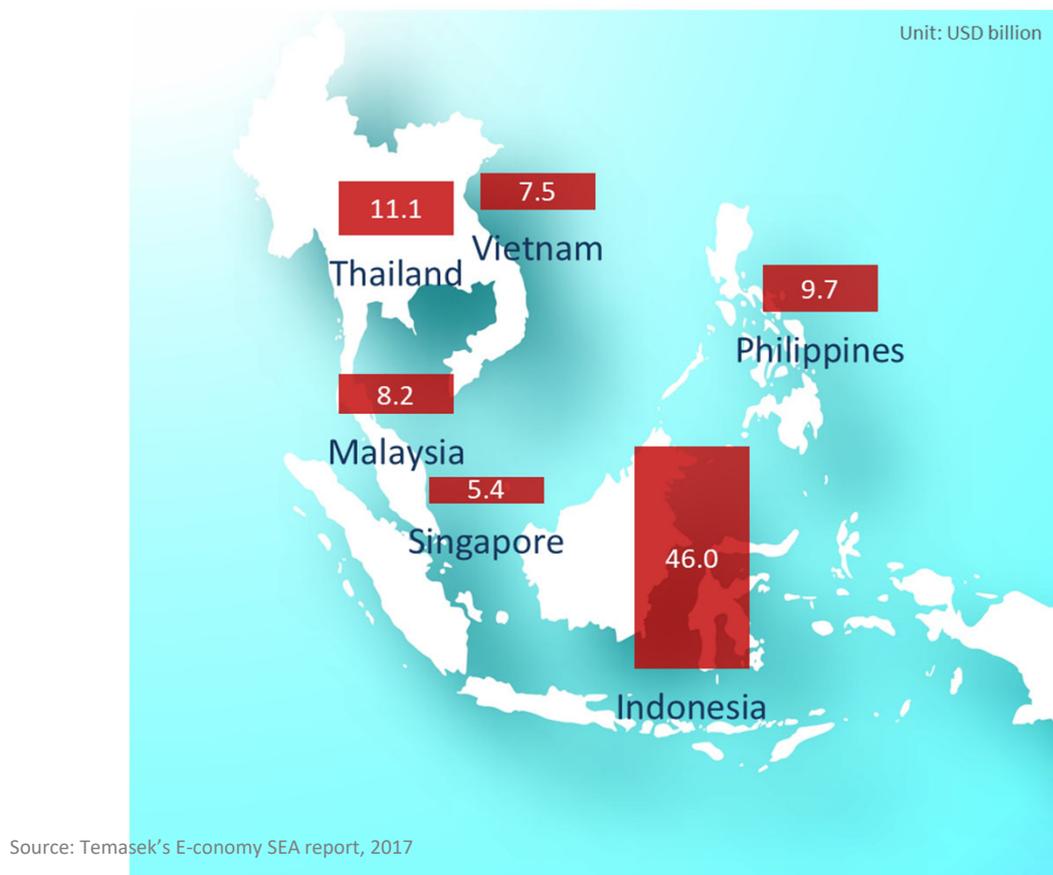
- ASEAN 6 will have the most internet users growth in the world. In 2015 total internet users in this region was 256 million and will reach 483 million in 2020 (see figure 43, page 57).

Point 2

Internet economy in Southeast Asia will reach USD200 billion by 2025

- By 2025 Southeast Asia's total internet economy of USD200 billion will come from 3 sectors, e-commerce (first-hand goods sold by small and medium enterprises), travel/transport, and media. First-hand e-commerce market alone will be USD88 billion with CAGR of 32 percent; significantly outpacing store-based retail at CAGR of 7 percent (see figure 42, page 56).
- In terms of travel sector (flights, hotels) it is predicted to achieve a total of USD90 billion with CAGR of 15 percent, while ride-hailing services in the transport sector will reach USD13 billion (Temasek-Google 2017 updated report, have raised the prediction of ride-hailing services forecast to USD20.1 billion).
- Media sector is forecasted to earn USD20 billion by 2025.

Figure 44
E-commerce market projection in ASEAN 6, 2025



Top 50 retailers ranking in Singapore
Note:

In the event the holding company conducts business in retail or retail related beyond Singapore, the revenue of its Singapore entity in retail or retail related business is applied in the ranking.

	Name of retailer	Revenue 2015 (SGD '000)	Channel/Category	Store brand(s)
1	NTUC FairPrice Co-operative Ltd.	3,164,917	Supermarket, hypermarket, convenient store, medical goods/toiletries (Pharmacy)	FairPrice, Cheers, etc.
2	DFS Venture Singapore (Pte) Ltd.	2,884,158	Department store (Duty free)	DFS, T Galleria Stores
3	Cold Storage Singapore (1983) Pte. Ltd.	2,410,403	Supermarket, hypermarket, convenient store, medical goods/toiletries (Pharmacy)	Cold Storage, Guardian, etc.
4	Louis Vuitton (Singapore) Pte. Ltd.	1,055,331	Apparel/footwear (predominantly leather goods)	Louis Vuitton
5	Sheng Siong Supermarket Pte. Ltd.	759,317	Supermarket	Sheng Siong
6	Ikano Pte. Ltd.	747,991	Furniture/household equipment	IKEA
7	The Hour Glass Ltd.	707,525	Watches/jewellery (predominantly watches)	The Hour Glass
8	Richemont Luxury (Singapore) Pte. Ltd.	701,036	Watches/jewellery	Cartier, Montblanc, etc.
9	Takashimaya Singapore Ltd.	625,572	Department store	Takashimaya
10	Osim International Pte. Ltd.	619,568	Recreational goods	Osim
11	Vijay Diamond Pte. Ltd.	557,810	Watches/jewellery (predominantly jewellery)	-
12	Popular Holdings Ltd.	546,246	Optical goods/books (predominantly books including stationeries)	Popular
13	Shilla Travel Retail Pte. Ltd.	519,449	Department store (Duty free)	The Shilla Duty Free
14	Courts (Singapore) Pte. Ltd.	505,104	Furniture/household equipment	Courts
15	Pertama Holdings Pte. Ltd.	404,604	Furniture/household equipment	Harvey Norman

Source : DP Information Group, "The Singapore 1000 Ranking, 2017"

ACRA, Companies annual reports

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Company name NTUC FairPrice Co-operative Ltd.

Address No 1 Joo Koon Circle, #13-01 FairPrice Hub, Singapore 629117

Tel + 65 6888 1888

Fax + 65 6397 4001

URL www.fairprice.com.sg, www.warehouseclub.com.sg
www.cheers.com.sg, www.unity.com.sg

History/
Background

- NTUC Welcome was founded by the Labour Movement in 1973 to help stabilise the cost of living in Singapore.
- In 1983, NTUC Welcome merged with the Singapore Employees Co-operative to form NTUC FairPrice Co-operative Limited.
- 1998 saw NTUC FairPrice launched a new store format - Cheers, a 24-hour convenience chain stores aimed at appealing to the younger generation.
- In 2003, NTUC FairPrice became the first retailer in Singapore to build, own and manage a refrigerated Fresh Food Distribution Centre.
- NTUC FairPrice and ExxonMobil celebrated the completion of the conversion of all petrol marts at Esso and Mobil service stations to FairPrice Xpress and Cheers convenience stores which took about 2 years in the making from 2005-2007.
- FairPrice Xpress introduced the 24-hour grocery mart concept in 2009.
- Warehouse Club was added to the retail format of NTUC FairPrice Cooperative Ltd. It is membership based and offering items in bulk.
- NTUC FairPrice launched brand-new store format in 2016, FairPrice Shop, catering to the budget conscious shoppers.
- In 2018 NTUC FairPrice officially launched its revamped online platform, "FairPrice On"(which has been in existence since 2002).

Supermarket (FairPrice, FairPrice Shop, FairPrice Finest)

Hypermarket (FairPrice Xtra)

Channel
(store brand)

Warehouse Club

Convenient store (FairPrice Xpress and Cheers)

Pharmacy (Unity)

E-commerce platform www.fairprice.com.sg

E-commerce ratio na

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Unit: SGD '000

	2015	2016	2017
Revenue	3,374,218	3,434,131	3,401,855
YOY %	3.9	1.8	-0.9
Net profit	165,129	271,344	280,004
YOY %	-13.7	64.3	3.2
Net profit ratio %	4.9	7.9	8.2
ROE %	9.0	11.4	12.7
ROA %	7.4	12.8	9.6

Source: FairPrice Annual and Sustainability Report 2015-2017
Financial Report 2015-2017

Financial perspective

- Total revenue of 2017 was SGD3.4 billion, and the biggest retailer in Singapore although the nature of business is a co-operative enterprise. Revenue had a negative year-on-year growth of 0.9 percent, and CAGR of 2015-2017 was 0.4 percent per annum.
- Net profit of 2017 is SGD280 million and increased 3.2 percent from previous year. Net profit ratio achieved 8.2 percent, and this is the highest level among major retailers in Singapore. ROE of 2017 was 12.7 percent and ROA was 9.6 percent. In terms of net profit by sector, retail sector accounts for SGD70.9 million or 25 percent share of the business; investment and real estate accounts for SGD54.3 million at 19 percent; and associates business was SGD27.4 million at 10 percent.
- One-time restructuring gain, the property and equity exchange with other cooperatives accounts for SGD127.4 million, 46 percent share of total net profit in 2017. One-time restructuring gain was prominently seen in 2016 and 2017.

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