

# Market analysis for juice in singapore essay sample

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The market Nudie will be competing in can be examined on three levels; the first outer level can be defined as the food and consumer staples market, the second is the beverage market and finally, the third and most closely related market segment – the fruit beverage market. Within the fruit beverage market, Nudie is positioned as a niche product whereby the target market are willing to pay a premium for a better quality and pure freshly squeezed juice without the addition of water, preservatives, additives or sugar (Nudie 2008).

International manager Mathew Barlow is quoted in reference to expansion of operation to Singapore that, “ Singapore is a great export location for us at the moment because they have similar trading regulations, a sophisticated English speaking market, a cafe and deli food culture and there’s no major trade restrictions or need to change packaging”. (Austrade 2008).

2. 2. 2 Market Size and Outlook Singapore’s population size currently sits at an estimate 4. 5 million people (CIA 2008). Despite having a smaller consumer base in comparison to Australia, Singapore’s estimated Gross Domestic Product per capita of 2007 was \$48, 900 where Australia has a low \$37, 500 (CIA 2008). Singapore also boasts a steady GDP real growth rate of 7. 5% proving Singapore to be a stable economy with signs of continuous prosperity which will allow for consumers to purchase Nudie in the future (CIA 2008).

Consumer trends in Singapore has seen an opening for Nudie to enter the market by the ‘ growing health awareness encouraged by public health

bodies', in addition to ' being one of the key trends influencing the soft drinks industry in Singapore' (Euromonitor 2008).

The current competitors operating in Singapore have recognized the change in consumer taste by adapting their product lines. This has been most evident by fruit/vegetable juice and tea which ' saw the most new product introductions' (Euromonitor 2008). By local manufacturers recognizing and adapting to such trends, it is evident that Singapore will be a highly competitive market for Nudie to enter, however, there is still opportunity to enter due to the ' strong performances from fruit/vegetable juice, bottled water, RTD tea and functional drinks in 2006' (Euromonitor 2008).

With regard to the political and economic factors of Singapore, a report by the Economic Intelligence Unit (EIU) in October 2007 verified that the Singaporean government ' will continue to maintain Singapore's appeal for foreign direct investment (FDI) ' which has been evident by reducing the corporate tax rate'. The government has also been ' offering rebates in industries it is trying to nurture and maintain free trade agreements with its main trading partners'. The current globally effected US Sub-prime mortgage crisis did not noticeably affect Singapore's financial sectors or currency, retaining domestic consumer confidence. The report also forecasted stable growth in demand of its main manufactured exports of electronic, transport engineering and pharmaceutical goods for the years 2008 and 2009.

2. 2. 3 Market CharacteristicsAs mentioned in the market definition above, Singapore has similar features to that of Australia in regards to how the market is segmented and distributed. The significant increase in consumer

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spending in Singapore has provided Nudie the opportunity to take maximum advantage by distribution to large supermarket chains as well as supplying to cafes, restaurants and delis that are featured within the city state. This distribution chain can be classified as between selective and intensive.

Singapore features 3 main supermarkets being Coldstorage, Fairprice and Giant Hypermarket. This is very similar to the oligopoly of the three major supermarket chains (Coles, Woolworths and Franklins) that Nudie supplies to in Australia.

The pricing of 100% fruit juices in Singapore is similar to Australian pricing. For example, Australia's Berri apple juice that is 2.4 litres in volume costs \$5.50 Singapore Dollars (\$4.30 AUD), where in Australia it is priced at \$4.34 (Cold Storage; Coles; XE 2008). This information suggests that Nudie should have a similar pricing strategy in place if it is to enter the Singaporean market.

As of 2003, Singapore initiated a bilateral trade agreement with Australia known as SAFTA (Singapore Australia Free Trade Agreement). "SAFTA offers greater opportunities in goods and services to a wide range of Australian exporters, furthers strengthens trade and investment links, eliminates Singapore's tariffs and provides cheaper inputs for Australian businesses on a range of products." (Austrade 2008). A main feature of this bilateral trade agreement relevant to Nudie is the removal of all tariffs on Australian exports to Singapore, eliminating an expense that would affect profit margin or pricing of Nudie products.

Singapore proves to be an adequate market to enter by its higher GDP and growth rate, trading ties with Australia, geographic position, consumer tastes and growing spending trends. It is therefore evident to conclude that Nudie has an opportunity to expand operations into this new market which will increase sales and in turn, profitability.

2. 2. 4 Target Market Behaviour When focusing on consumer trends it should be noted that Singapore's geographic position alongside the equator provides a tropical and humid climate all year round, allowing for a market of chilled drink sales unaffected by seasonal changes. Drinking fresh fruit juice and a high fruit intake is a common part of a South East Asian diet in which recent trends have found that Singaporeans 'are more aware of the attributes of pure fruit juice and more willing to pay the price' (Borris 1993).

Consumer trends seem to project a 'growing health awareness encouraged by public health bodies', which has been 'one of the key trends influencing the soft drinks industry in Singapore' (Euromonitor 2008). It is to be noted that 'growth in fruit and vegetable juice consumption in Singapore has been fast-paced, to say the least. Singaporeans consumed 13, 071, 000 liters of juice in 1992, up from 5, 644, 000 liters in 1988' (Boris 1993).

Nudie should note that Singaporeans' most favoured fruit juice preference seems to be citrus fruits, where lime juice is considered 'one of the most popular'. Sales worldwide in citrus fruit juice saw 'a strong growth surge of nearly 110 percent was seen between 1990 and 1991, with most of this increase being retained in Singapore for consumption' (Borris 1993).

Pineapple juice also has a high preference where 'total imports increased

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70 percent between 1991 and 1992, with all of this being retained in Singapore for consumption' (Borris 1993).

Consumer purchasing behaviour has shown increases in spending, indicated by the Meat and Livestock of Australia (MLA) report, which detailed "Singapore's retail sale of food and beverages grew by 21% during January 2008 compared with the same time last year" (MLA 2008). Statistics also showed that there was a 1.3% from 2007-2008 increase in CPI expenditure in consumer spending on food, with a 6.6% increase when comparing January 2007 with January 2008 (Singapore Statistics 2008).

From the consumer trends and behaviours mentioned, conclusions can be drawn that not only are Singaporeans raising their household expenditure on food and beverages, they have a strong yearly consumption of fruit juice and are willing to pay more for quality products which greater satisfy their tastes. This provides an opportunity for Nudie to enter the market with their exclusively priced high quality products that satisfy the desires of the Singaporean consumers.

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