1. Introduction

1.1 Background and History of NTUC FairPrice

Established in 1973, NTUC FairPrice is part of the consumer co-operative of National Trade Union Congress, and has the social mission to moderate the cost of living in Singapore by providing affordable groceries for all. It is the largest supermarket chain in Singapore with over 230 outlets over eight different retail formats, such as FairPrice Finest (specialty store), and FairPrice (supermarket). For this report, the focus will be on the retail format of the supermarket, i.e. FairPrice.

1.2 Retail Format and Retail Concept

FairPrice is a supermarket chain under NTUC FairPrice with over 150 stores islandwide. Most are large supermarkets with a retail space between 12,000 and 25,000 square feet. It carries a wide range of groceries, household and personal care products. Compared to other grocery retail formats such as supercenter and warehouse club, FairPrice has an average variety and assortment of merchandise. The level of service is also modest, offering the service of self-selection. While FairPrice mainly utilises brick-and-mortar retailing via supermarkets, it also uses multiple channels such as the Internet and mobile to reach out to consumers. FairPrice retail concept is a one-stop quality grocery retailer, everywhere, for everyone, at everyday low-prices.

2. Market and Competitors

2.1 Grocery Retail Industry in Singapore

FairPrice competes in the grocery retail industry. The grocery retail industry in Singapore has seen sustained growth in recent years, with compound annual growth rate at 4.8% in the period of 2011-2015 (MarketLine, 2016). However, in 2016, the industry only saw a 1% increase in value, partly due to the economic downturn (Euromonitor, 2017).

2.2 Trends

The industry in Singapore is in the shakeout stage, where supermarkets are trying to increase market share by competing against each other. This is evident from their aggressive advertising and price-based competition. Most supermarket chains are expanding into heartlands, smaller residential districts, and opening smaller outlets with extended hours of 24 hours per day (Euromonitor, 2017).

Economic	Social/Cultural
• Singapore's economic growth is slowing. In 2016, GDP grew by 1.8% - the weakest annual growth since Global Financial Crisis 2009 (Trading Economics, 2017). • Singaporeans are increasingly affluent, and hence more willing to spend on premium grocery products (Yeo, Sim, Artispong, Cheah & Lioe, 2015; Singstat, 2014; Yeo, as cited in Chia & Mak, 2016).	• There is an emerging interest in home cooking, with a 35% year-on-year growth (Chia & Mak, 2016). • Singaporeans are now more conscious about their health, food safety, and social responsibility of manufacturers (Marketline, 2016). • Convenience and accessibility are highly demanded as Singaporeans are growing money-richer, time-poorer (Tan, 2016).

	• Singaporeans are highly price sensitive, and have more inclination to look for better deals and benefits (Tan, 2016; Nielsen, 2013).
Technology • Online shopping is a growing presence (Smalani, 2016). • Cashless payment is gaining prominence (Visa as cited in Today Online, 2017).	Political/Legal • Government is aggressively pushing for "Smart Nation" and the development of technology (GovTech, 2017).

Table 1: PESTLE Analysis of Grocery Retail Industry

2.3 Opportunities

With strong network of physical outlets, supermarket chains have great omnichannel retailing options and the ability to expand to compete in the online retailing world. Furthermore, the large selling space of supermarkets provides a better opportunity to develop experiential retail experience, as compared to convenience or online Grocery retailing. Experiential retailing is gaining traction, and shoppers are drawn into stores with the authentic experiences (Sicola, 2016).

Customers are increasingly seeing private label brands of local supermarkets to be comparable in terms of taste, freshness, and nutritional value to that of manufacturers (Wee, 2014). Furthermore, the price of private label brands is often lower than that of manufacturers'. Hence, developing private label brands remain an opportunity for supermarkets.

2.4 Threats

Customers in the grocery retailing industry have negligible switching costs, resulting in customer's low loyalty to one retailer. Some Singaporeans are buying groceries from Malaysia, to take advantage of the stronger Singapore dollar (Tan, 2016). Retailers thus have to offer even better value to the customers, and have distinct point of differentiations from other retailers.

The segment also faces challenges from these fronts - other global players, online grocery retailers and convenience retailers.

Global players such as Amazon and Tesco are planning to expand into Southeast Asian countries (Shazni, 2017). These giants with strong know-hows are a threat to local grocery retailers.

Online grocery retailers are likely to gain more traction over the next few years, as Singaporean customers are growing more tech-savvy and demanding more convenience (PwC as cited in Smalani, 2016). Leading online retailers such as RedMart have been receiving much media coverage and word-of-mouth recommendations. Moreover, online grocery retailing is expected to reinvent the customer experience with new services and analysing consumer behaviours using Big Data (Ting, 2015), increasing the level of rivalry in the Singapore market.

Though convenience retailing had been registering bad performance in recent years, it is still a major threat to Supermarkets. Convenience stores are offering a wider range of payment methods, expanding their product ranges, and have started to offer perishable foods and more premium products, as well as value-added services such as seating areas.

2.5 Main Competitors

Top 3 biggest Supermarket companies are NTUC FairPrice Co-operative, Dairy Farm International Holdings, and Sheng Siong Group.

NTUC FairPrice is the leading player with 33.6% value share in 2016 (Euromonitor, 2017). Dairy Farm Holdings is the second biggest supermarket chain with 16.1% value share in 2016 (Euromonitor, 2017). Its brands include Giant, Cold Storage, MarketPlace, Jason's, and 7-Eleven. Its number of supermarket outlets exceeds 110 in 2016. With 9.3% value share in

2016 (Euromonitor, 2017), Sheng Siong ranks third in the sector, and is also one of the main competitors of NTUC FairPrice. It offers more than 400 products, and currently operates 40 supermarkets and grocery stores.

2.6 Porter's Five Forces

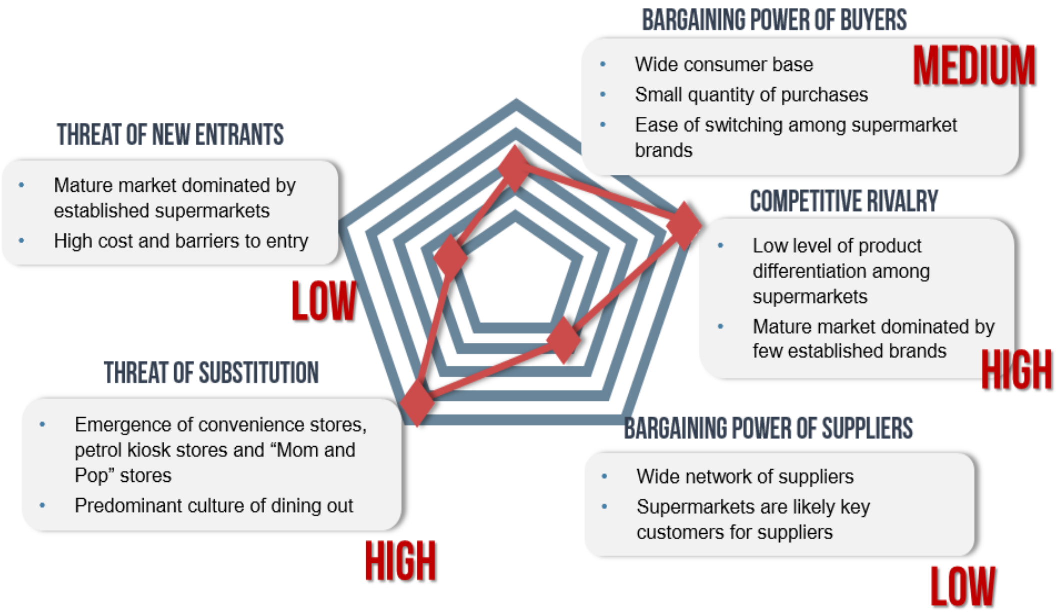

Figure 1: Porter's 5 Forces for FairPrice

The high competitive rivalry and threat of substitution implies that for FairPrice to thrive, it must build store loyalty and differentiate themselves from other competitors by improving the overall store experience and their augmented product offerings. Further explanation of our Porter's 5 Forces analysis for FairPrice is in Appendix E.

3. Shopper Buying Behaviour

3.1 Target Customer Segments

Two main segments of shoppers are observed to be targeted by FairPrice. They are a) low-middle income families and b) homemakers of the family. This is corroborated by observations made during the mystery shopping (Appendix B), where most shoppers were either women shopping alone or families.

3.1.1 Low to Middle Income Families

This target segment refers to families who are HDB residents, which includes about 80% of all households (Singstat, 2015). They are mostly financially stable and able to live comfortably. While they can afford basic necessities, and can afford to splurge once in a while, they have limited purchasing power and are highly price sensitive (Nielsen, 2013; Tan, 2016). This segment also prioritises convenience and accessibility (Euromonitor, 2015). Hence, it can be classified as a mix of convenience shoppers and price-bargain shoppers, who look for fast and accessible options, yet are influenced by price discounts and promotions concurrently.

3.1.2 Homemakers

This target segment refers to the shoppers who undertake the role of the buyer for groceries. They thus display the shopping characteristic of a provider, shopping with the intention to fulfil the utilitarian needs of their family. They are typically females above 25 years of age. Being in charge of household finances, they are likely to be price-bargain shoppers, engaging in impulse buying when there are sales promotions.

3.2 Shopping Behaviours

From the mystery shopper observations and survey results, a summary and analysis of the demographics of shoppers, frequency of visits, as well as the average ticket size per visit to FairPrice was constructed.

Firstly, the demographics observed are mainly families, bringing their children for grocery shopping and homemakers. Each shopper is also observed to purchase a wide range of merchandise with no specific pattern.

Secondly, the results show that shoppers generally frequent FairPrice once or more per week (Figure 2). The average ticket size ranges from $10 to $244, with the median at $37 (Figure 3). An insight obtained from this data is the higher the frequency of visits to FairPrice, the smaller the ticket size per visit. An explanation for this is because shoppers want to ensure the freshness of their products.

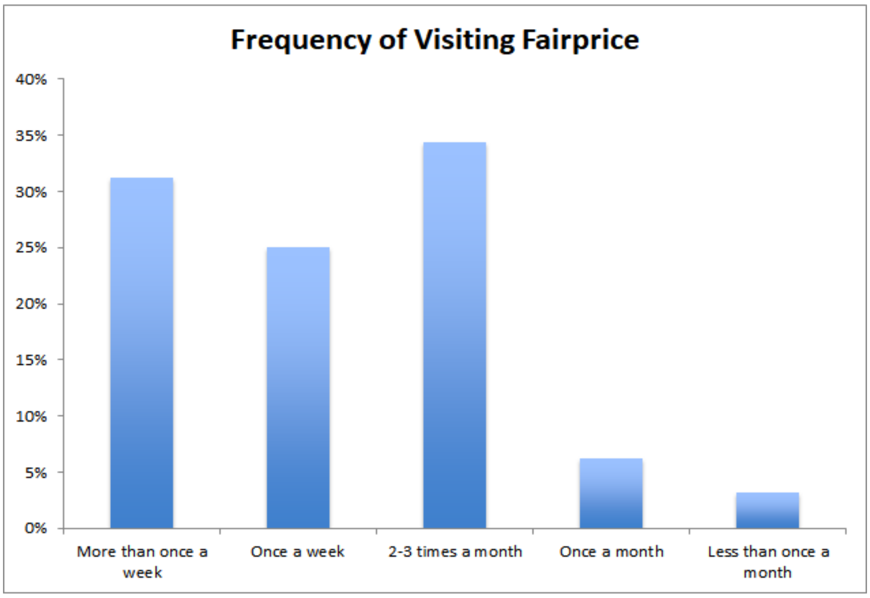

Figure 2: Frequency of Shoppers Visiting FairPrice

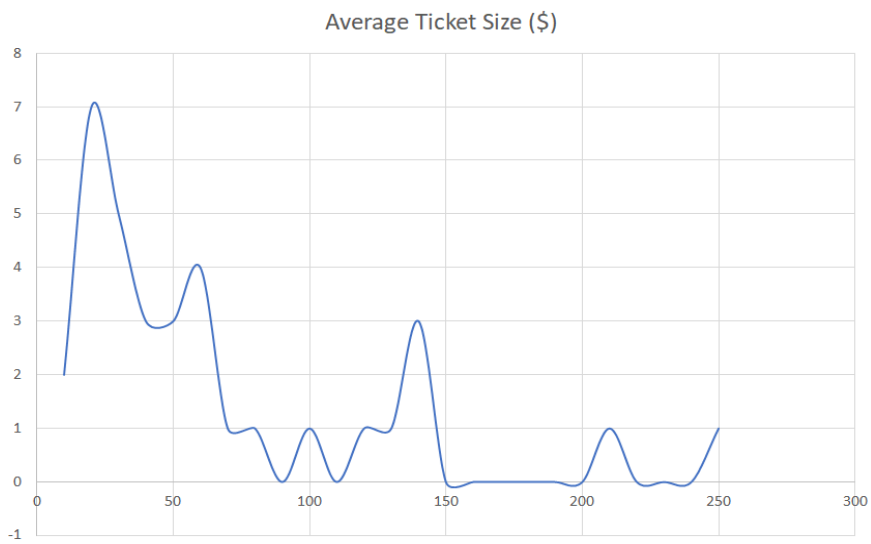

Figure 3: Average Ticket Size per Visit to FairPrice

While FairPrice's outlets have different opening hours depending on location (FairPrice, 2017), most respondents usually visit FairPrice between 4pm-8pm (Figure 4). This suggests that most shoppers visit FairPrice in the evening, after knocking off from work.

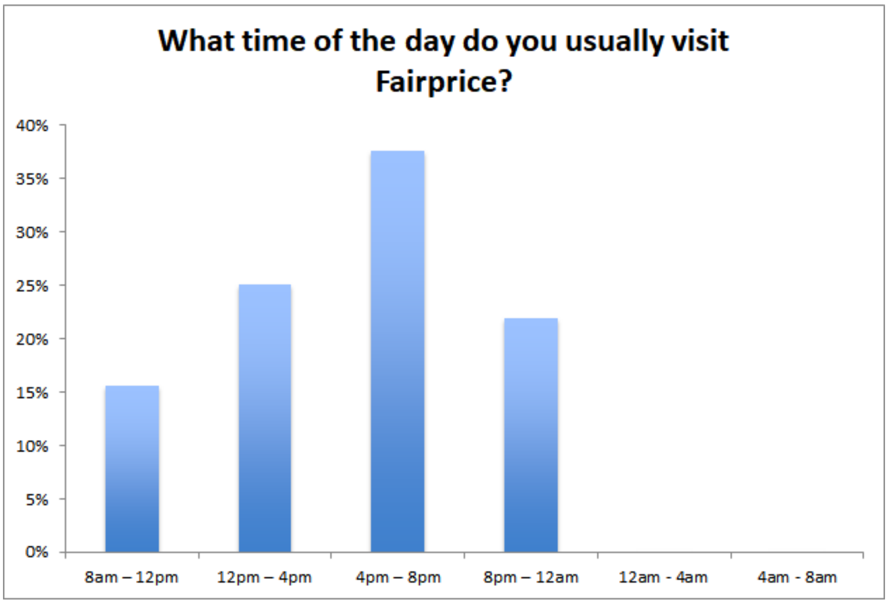

Figure 4: Time of day for shopping at FairPrice

In understanding the phenomenon of online grocery shopping, respondents were surveyed about it. Figure 5 illustrates that majority of our survey respondents have not purchased groceries online before. This is supported by our secondary research, where online grocery retailing is still in its infancy and grocery retail stores are still the main channel in which people purchase their groceries (DBS Bank, 2017). This suggests that during evaluation of alternatives stage of the store decision-making process, most shoppers ultimately choose to shop at physical grocery retail stores rather than online channels. Reasons cited from our survey include concerns about the quality of the products, a lack of trust in the agent to pick groceries, them enjoying the grocery shopping experience, wanting the products instantly, and physical supermarkets being easily accessible seeing no need to purchase grocery online (Appendix A). Thus, the physical store of FairPrice is still highly relevant and should not be neglected. Nevertheless, there is still a market for online grocery retailers for shoppers who buy heavy or bulky items, since online grocery retailer differentiate from physical store in providing delivery services (DBS Bank, 2017).

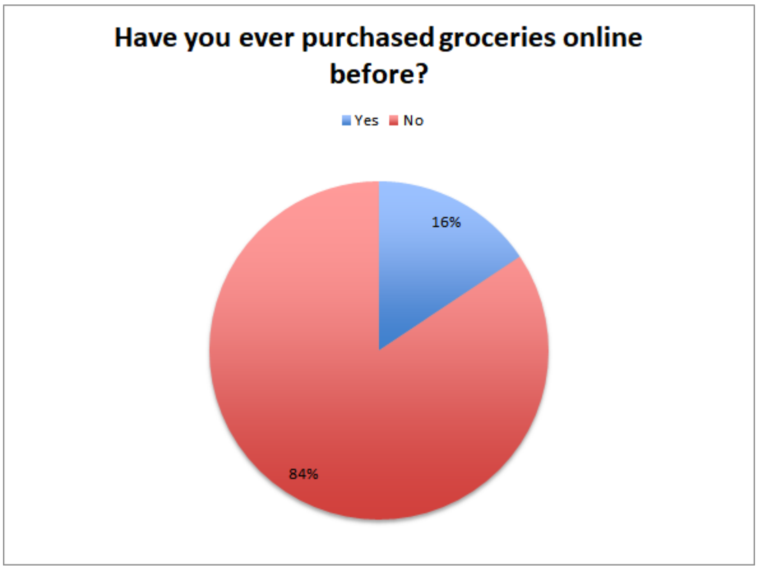

Figure 5: Percentage of respondents that have purchased online groceries before

3.3 Internal factors influencing shopping behaviour

3.3.1 Intrinsic Motivation for Shopping at FairPrice

From the survey, the main reasons for shopping at FairPrice is to satisfy utilitarian needs, such as stocking up on groceries and household products and making small purchases for immediate consumption (Figure 6). These can be classified as low involvement shopping, due to the nature of being low risk and inexpensive. Hence, shoppers do not put much thoughts into the store's decision-making process because they engage in habitual purchasing behaviour to quickly satisfy their utilitarian needs. Grocery shopping is also being associated to the role of the homemakers where 35% of respondents surveyed that they go for grocery shopping to stock up on them.

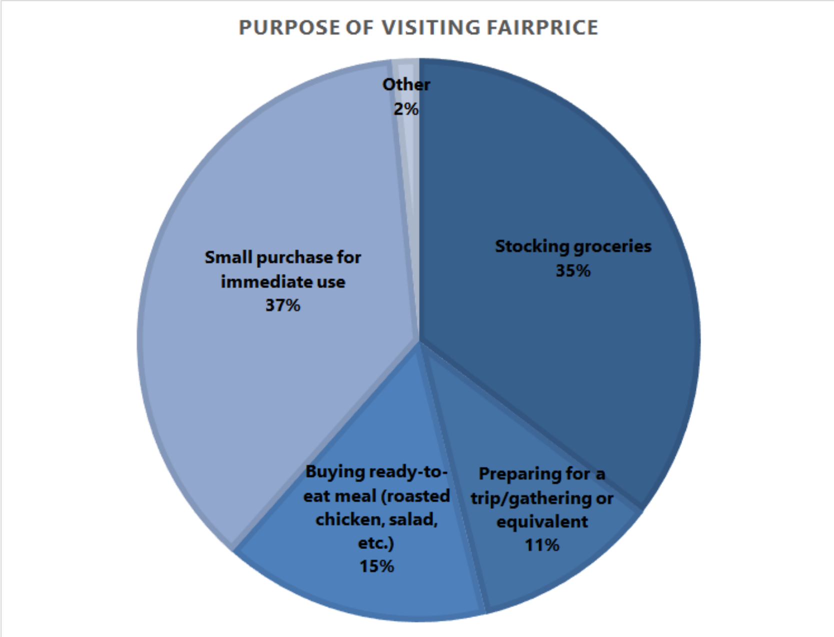

Figure 6: Respondents' purpose of visiting FairPrice

3.3.2 Shoppers' Perception and Attitude of FairPrice

Shopper perception and attitudes are derived from the results of the survey. Through the mystery shopping experience, 8 attributes were adopted and tested them in the survey for their relative importance in the overall satisfaction of shopping in FairPrice (Appendix D). A regression analysis was performed, and the results are summarised below in Table 2.

Factors	Relative importance	Score (out of 7)
Accessibility	6%	5.75
Ambience	22%	5.44
Store layout	1%	4.84
Variety	12%	5.19
Quality of products	2%	5.09

Payment service **(Queueing + payment process)**	30%	5.28
Customer service	1%	5.34
Price	26%	5.31

Table 2: Results from regression analysis

The results reveal that ambience, payment service and price are the top 3 attributes affecting overall satisfaction. Payment service was of highest importance among all attributes. While payment service is important to customers, FairPrice's average score is 5.28 out of 7, which can be improved upon. This is substantiated by the mystery shopping which shoppers encountered issues with the payment process at FairPrice. Queues were long during peak hours exacerbated by the presence of multi-modal payment methods. While self-checkout counters were available, consumers were observed to face difficulties using the checkout machines (Appendix B). This highlights a gap when it comes to payment services in FairPrice.

Thereafter, from the survey, a perceptual map of FairPrice and their competitors is conceptualised (Figure 7). Based on the results, FairPrice is perceived to be most affordable and accessible among its competitors, Cold Storage, Giant and Sheng Siong. This is consistent to the retail concept of FairPrice and contributes to shoppers' motivation for shopping at FairPrice. However, Cold Storage is perceived to be ahead in the other aspects such as service, variety, ambience and the most modern supermarket compared to the other three supermarket chains.

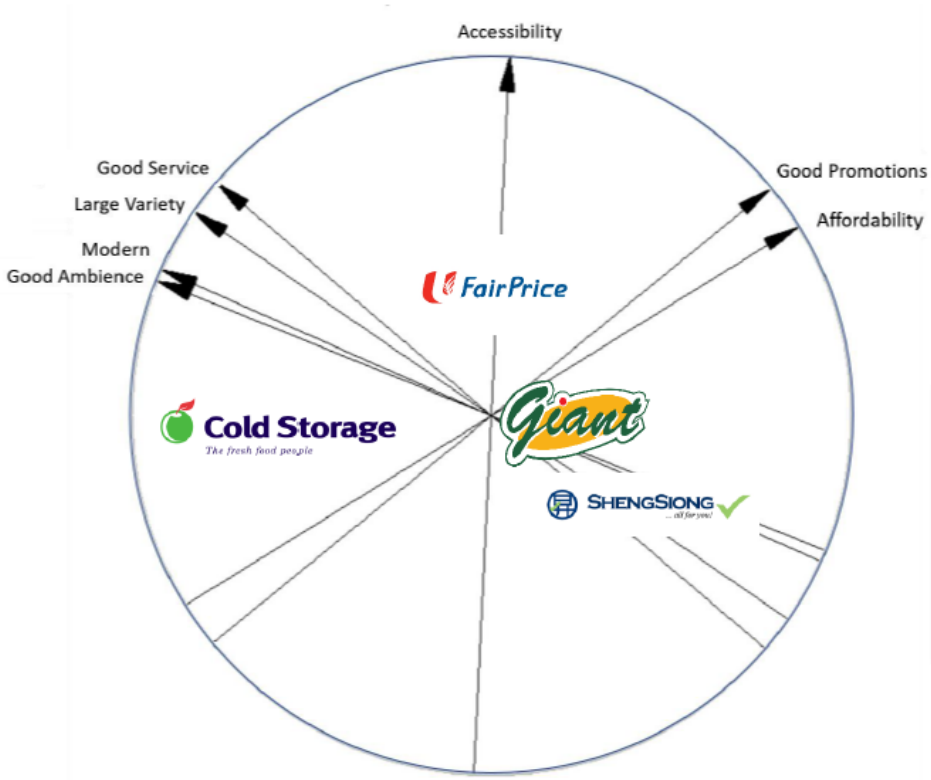

Figure 7: Perceptual Map (FairPrice, Cold storage, Giant, Sheng Siong)

To further understand the customer perception and attitude of FairPrice, we examined the net promoter score (NPS) and customers' loyalty.

Parameter	**Percentage**
Promoters	31.25%
Detractors	18.75%
NPS	12.5%

Table 3: Net Promoter Score

While the NPS of positive 12.5% reveals that customers perceive FairPrice marginally favourable, the low average score of loyalty at 5.69 (out of 10) exemplifies that customers are only somewhat loyal to FairPrice. This can be explained by customers having low switching costs because of the high availability of supermarkets around, and are hence likely to patronise different supermarket chains regularly.

3.4 External Influences on Shopping Behaviour

3.4.1 Family

Singapore is a collectivistic society, where the family takes precedence over the individual (Hofstede Insight, n.d.). The opinions of family members are extremely important even in small decisions, such as in a low involvement grocery purchasing decisions. Thus, shoppers usually visit FairPrice with their families, so as to receive immediate input. This means that multiple parties are involved in the decision-making process, and they might have different motivations due to the different roles they play in the family (Pettersson, Olsson, & Fjellstrom, 2004). This is reflected in the different product choices of each member in the family, which ultimately affects their shopping basket. Furthermore, for families, grocery shopping at FairPrice is perceived as a form of recreation and social space for bonding outside of the home where the grocery store is reflected as an extension of the home (Pettersson et. al, 2004).

3.4.2 Culture

The multi-racial and multicultural aspect of Singapore results in the differing shopping behaviours, and differing preferences in terms of product choice. This means that the merchandise mix of FairPrice has to meet local tastes and consumption habits, while catering to the many different sub-cultures of Singapore.

4. FairPrice's Retail Marketing Mix

4.1 Product

FairPrice is a grocery retailer carrying a mix of manufacturer brands and private label brands (FairPrice, 2017). The main merchandising categories are groceries, ready-to-eat meals, kitchenware, household and beauty care products. A complete offering is thus available to meet the end-consumers' complex household needs. According to the survey, FairPrice is perceived to carry the broadest variety and deepest assortment of merchandise behind Cold Storage (Figure 7).

The retail product of FairPrice is much more than the merchandise it carries - it is the entire shopping experience. Applying Kolter Model of Product (1972) to FairPrice, the core product of FairPrice is its retail store concept, the actual product is the physical dimensions of FairPrice, and the augmented product is the extra value FairPrice brings to its shoppers when supplementing their overall offerings (Figure 8).

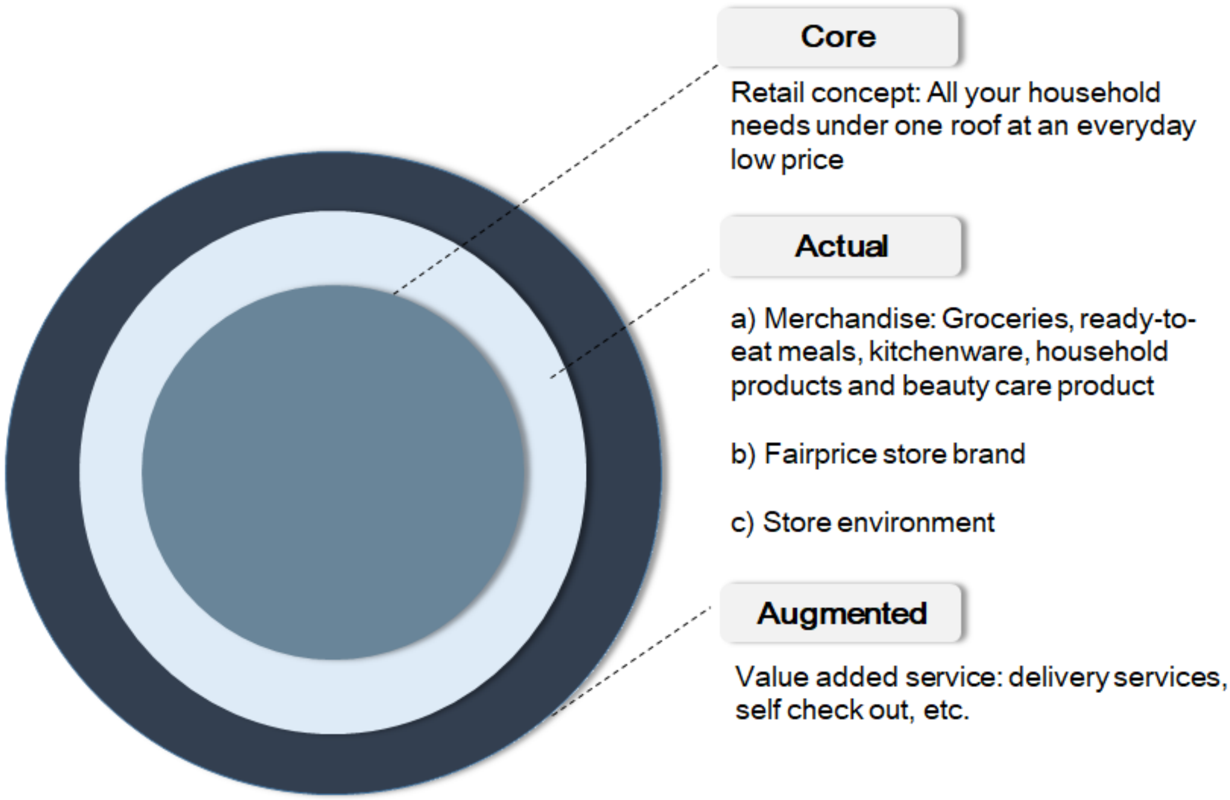

Figure 8: FairPrice Model of Product

The merchandising strategy of FairPrice is one of the most critical decisions that a retailer has to make (Waters, 2017). This is effective when evaluated against the merchandising imperatives (Table 4).

Merchandising Imperatives	**Description and analysis**
Right Type	Brands and merchandise are carefully selected to maximize sales and profits within categories through the merchandising strategy of a mix of manufacturers brands and private label brands.
Right Mix	Right quantities are accurately ordered in the right assortment as FairPrice does not have a discount bin retailing goods that are close to their expiry date.
Right Price	Prices are affordable suggesting that FairPrice is able to secure the best possible buying in price from the suppliers due to their economies of scale such that they could still earn a decent gross margin.
Right Supplier	Apart from working with national manufacturers, FairPrice has recently partnered with Tesco, a British multinational grocery retailer in a mutually beneficial relationship which builds upon FairPrice's local expertise and Tesco's effective sourcing ability at affordable prices (Channel Newsasia, 2017). This ensure continuity of supply and stability of cost of supply.
Right Time	Well stocked shelves which are observed to be, constantly replenished once the stock is running low illustrates that ordering is such that the inventory arrives in time

Table 4: FairPrice's merchandising imperatives

More importantly, FairPrice must constantly sense market trends and analyze their sales data to make appropriate adjustments in prices and inventory level based on their competition and customers preferences. This will ensure that FairPrice meets consumers' demands and achieve high inventory turnover and gross margins.

4.2 Price

As its retail name implies, FairPrice's pricing strategy is to keep their prices reasonable, retailing affordable daily essentials across their stores. For instance, "over 2,200 house-brand and private-labelled products were priced 10% cheaper on average than national brands" at FairPrice (Today Online, 2014). This was acknowledged in our survey where FairPrice is perceived to be the most affordable brand along with Sheng Siong with an average score of 7.75 on a scale from 1-10 and is one of Singapore's most trusted brand (FairPrice, 2017).

To achieve the abovementioned pricing strategy, FairPrice's overarching "Stretch Your Dollar" programme has helped Singaporeans save over $12 million over two years through retail pricing tactics (Table 5) (Lim, 2011). Apart from encouraging shoppers to buy in bulk, increasing sales and inventory turnover for FairPrice, it is also economically effective for FairPrice as it ensures their perishable merchandise are sold quickly, avoiding disposal of expired merchandise due to non-sale. Its pricing strategy can be explained as a response to retail wars with competitors such as Sheng Shiong and Giant, where price undertakes an active role in the marketing mix due to shoppers being price-conscious. Lastly, it positions FairPrice as a grocery retailer with a social mission to moderate cost of living in the minds of consumers.

Specific Tactics	Description
Multiple Unit Pricing	Perishables goods such as milk and ice cream were observed to follow multiple unit pricing.
Rebates	FairPrice partners with local bank such as OCBC to provide cash rebates such as helping consumers save up to 9% when shopping at FairPrice (OCBC, 2015)
Loss Leader/Sales Markdown	Premium perishables goods such as strawberries and grapes were observed to be sold at significantly lower which garner a lot of interest among shoppers.

Table 5: Examples of specific tactics FairPrice engaged in their pricing strategy

In hindsight, FairPrice does not have much control over the final determination of price because of the nature of merchandise being convenience goods and the lack of distribution exclusivity. Nonetheless, FairPrice manages to keep their price affordable due to its diversified yet large supply sources, contract framing and by stockpiling (Lim, 2011). FairPrice also has greater control over its pricing for their own private-label brands since they could determine the respective mark-ups.

4.3 Location

FairPrice has a strong physical presence in Singapore with over 150 outlets. In addition, shopping at FairPrice is now available 24/7 with FairPrice Online, competing with online groceries retailers, Redmart and Honestbee (Jenner, 2017). However, the existing FairPrice app caters solely for online purchases and delivery. Consequently, this leads to a gap whereby the store-based retail business and the online retail business are run as separate independent entities, existing as purely multi-channels.

A key observation is that FairPrice faces stiff inter-competition. This is gleaned by the 13.6% increase in the number of supermarkets outlets in Singapore from 2011 to 2016 (Euromonitor, 2017) and the recent intensified rental bidding of supermarket shop spaces in the heartlands rising from $15-20 per square feet (DBS, 2017). This implies that most districts in Singapore are overstored. Moreover, with retail formats such as convenience stores adapting their merchandising mix to include groceries, FairPrice faces strong intra-competition as well. While FairPrice rolls out an aggressive expansion plan to capture market share and keep ahead of competition, it is essential that FairPrice's locational decisions are astute to ensure that their trading areas do not overlap and do not face the issue of cannibalisation.

FairPrice is also observed to be accessible, being located at the neighborhood business districts and heartlands of Singapore, surrounded by retailers that offers complementary functional services such as the banks and the post office. These areas have high pedestrian traffic, specifically residents staying around the primary trading area.

This can be explained by the retail format of FairPrice. It is a supermarket, carrying a wide breadth and depth of products, thus requiring large retail space to display their merchandise. Yet, FairPrice has to keep their products affordable as they are targeting the mass market. By operating at neighborhood districts, they have the space required and is able to keep operating cost low, translating to cost savings for their consumers. This can also be explained by the consumer shopping behaviour. From the survey, most shoppers purchase groceries after office hours. Moreover, with shoppers facing low switching cost when it comes to grocery shopping and convenience being one of the deciding factors, it is important for FairPrice to be conveniently located at the residential areas.

4.4 Retail Communications Mix

FairPrice retail communications objectives can be categorized to image-related, positioning-related and corporate social responsibility-related. Its overall key objectives are to build store patronage and loyalty. FairPrice utilises a comprehensive combination of online and offline retail communication tools (Table 6), predominantly advertising and sales promotions.

Specific Tools	Description
Advertising	Newspapers advertising promoting FairPrice's weekly store promotion
Sales Promotion	Sale promotion of groceries, special events, in store demonstration, coupons, contest, free sample, frequent buyer programme, rebates, elderly discounts (both sole sponsored and joint sponsored)
Publicity	Articles in the Initiatives of FairPrice and corporate social responsibility
Social Media	Strong digital presence, chatbot on facebook, mix of interactive posts, educational, video tutorials

Table 6: FairPrice's retail communication mix

FairPrice also runs joint promotions, covering short term periods and are festivity-based with their manufacturers and distributors. This is evident from their cluttered retail ads in the newspapers communicating their large variety and depth of products. FairPrice covering short-term periods can be justified by their retail communications mix being based on a primarily push strategy, motivated by volume and sales. Moreover, given that FairPrice's merchandise are perishables with no trade-in value, a predominantly push strategy via sales promotions will provide strong incentives for consumers to purchase, ensuring a high inventory turnover.

FairPrice's overall retail communications programme is aligned to their objectives and their retail concept. Firstly, FairPrice's marketing communications are integrated. From its newspaper advertisements to attractive sales promotions, FairPrice delivers a synergistic message that emphasises its commitment in meeting Singaporeans every daily essential need at a fair price across all touch points. Secondly, because FairPrice employs a combination of communications methods, it has control over the timing of communications delivery, flexibility through promoters persuading shoppers to sign up for their membership card, credibility through its public relations arm, and cost effectiveness via strategic purchasing of newspapers advertisements spots to build FairPrice's brand image. Lastly, it demonstrates that FairPrice is long-term orientated, consistently positioning itself as a grocery retailer with social consciousness to keep cost of living low.

However, one key observation from our survey is that while most respondents are aware of FairPrice's loyalty programme, they did not sign up for it, suggesting that they are not incentivised to do so.

4.5 Customer Service

FairPrice uses the service level of self-selection and it is not a differentiating factor. This service strategy was chosen because it is aligned to the retail format and is economically effective given high foot traffic at FairPrice. Nevertheless, to better understand FairPrice's customer service level, observations from the mystery shopping were utilized and evaluated against the five dimensions of service quality (Table 7).

Service Quality Dimensions	**Observations and analysis**
Tangibles	Every FairPrice store is standardised, facilitated by self-service and express-checkout cashiers. By implementing more self-service checkout cashiers, this reduces the amount of physical facilities, personnel and communication materials, keeping operating costs low. This allows FairPrice to offer low prices on their merchandise. Nevertheless, long queues for payment are still observed during peak hours from 6pm - 8pm. This could be attributed to the observed bottleneck of the payment process, which is the manual scanning of each individual product. The presence of multimodal payment methods further exacerbates this problem which holds up the queue.
Reliability	Consistently well stocked shelves are observed which are constantly replenished when stock is running low. This provides customers a vast selection of merchandise to choose from and the assurance that their merchandise are fresh and available throughout the day.
Responsiveness	Fast response to self-checkout problems by FairPrice staff is observed. Moreover, queries were promptly answered directly by phone from 09am-10pm and it took one day to get support via e-mail.
Assurance	FairPrice's employees are knowledgeable about their merchandise range and return policy.
Empathy	FairPrice's cashiers are observed to be speaking to their elderly customers in their individual dialect. This reflects a personalized approach to customer service where customers' needs are taken into consideration.

Table 7: FairPrice's SERVQUAL model

Table 7 illustrates that even though FairPrice's service level follows self-selection, its policies and employees' conduct reflect a customer-centric attitude and is doing well against the five service quality dimensions, ensuring an overall satisfying shopping experience for its consumers.

In addition to the physical grocery store, FairPrice also provides customer service through online shopping channels such as the website offering delivery services of groceries and the mobile app offering the click & collect services. Overall, the survey showed that FairPrice service level is on par with its competitors, slightly behind Cold Storage (Figure 7).

4.6 Store environment

The store environment is part of the retail product and should capture the essence of the retail concept in an integrated fashion. Apart from displaying the store image, it should attract shoppers to patronise their store and facilitate both easy locating of merchandise and impulse purchases. More importantly, FairPrice has to ensure that the design environmental factors are consistent throughout its online and offline channels to build store loyalty. This has been achieved by FairPrice.

Firstly, FairPrice's store atmosphere is soothing and calming, with bright lighting and white tiles, presenting well stocked shelves and clear demarking of the pricing for each merchandise. Such an ambience communicates that their premises are clean and hygienic, fitting for a grocery retailer selling food produce.

Secondly, FairPrice utilises a grid layout with clear signages in the retail stores. This facilitates the ease of locating merchandise, and also compels shoppers to move down every aisle, exposing them to the great selection of merchandise FairPrice carries. This influences shoppers to deviate from their shopping list and encourage them to make additional purchases. Apart from the grid layout, FairPrice also undertakes the strategy of cross selling, using prominent locations such as the checkout area to display complementary, high-impulse and high-margin items and end-aisle locations to display new product launches. This creates pockets of interest and encourages consumers to make impulse purchases, increasing sales for FairPrice. Nevertheless, it was observed during the mystery shopping that locating products can be confusing especially when products can be placed under several product categories. One example is nacho chip dip which can belong to either the snack or the sauce category. This consequently negatively affects the consumer's shopping experience.

Lastly, the design cues of physical stores, website and mobile application are consistent throughout in reflecting the store brand. One example is the repeated use of its corporate colours - blue, red and white. This presents a consistent and clear brand image for shoppers to associate FairPrice as the go-to retailer for grocery shopping.

5. Recommendations

Following the analysis of FairPrice's retail marketing mix, customer's shopping behaviour, perception and attitudes, we have since identified the following gaps that our recommendations seeks to address (Table 8).

S/N	Gaps observed
1	Lack of incentive to sign up for FairPrice's loyalty program
2	Lack of integration between store based retail and online retail
3	Poor payment services, leading to long queues which hampers customer satisfaction. Conversely, effective payment services is ranked high in importance by shoppers and will affect positively in their customer satistaction.
4	Rising demand for food solutions which is not capitalised by FairPrice

Table 8: Gaps observed at FairPrice

5.1 Partnership with LTA's Ez-Link Card

To tackle the gap in FairPrice's loyalty program performance, we suggest a joint-point system between FairPrice's loyalty program (Plus!) and Ez-Link.

Currently, Plus! only allows customers to earn and redeem points using Plus! and OCBC Plus! Visa cards. Signing up for these two cards is an additional step that many did not want to put in the extra effort to do as seen in the high awareness but low adoption rates in our survey.

Since Ez-Link is a widely adopted card, with more than 15 million Ez-Link cards in circulation (Euromonitor, 2016), Plus! should connect the two systems and allow customers to earn and redeem points using their Ez-Link cards instead. As such, FairPrice would be able to bring in a large number of new customers into their loyalty program, as long as they design the systems easy enough for customers to link their accounts.

5.2 Improving the existing FairPrice mobile app

With the main bulk of FairPrice customers patronizing the store, in addition to the trend that Singaporeans are growing increasingly tech-savvy and demanding more convenience, we would hence like to propose improving the existing FairPrice app as a one-stop shop for customer shopping needs both off and online.

5.2.1 The improved FairPrice mobile app in the customer purchase process

Step 1: Upon arriving in the store, the customer would log into the app and select the store location he is visiting (Figure 9).

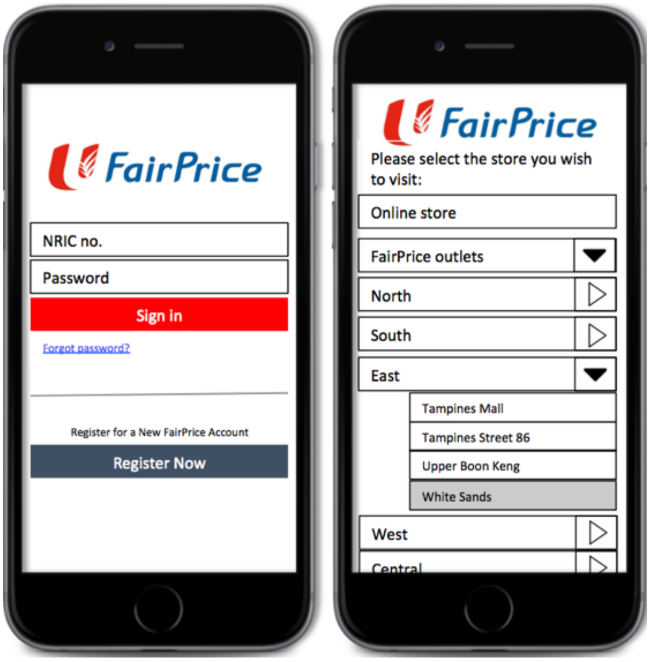

Figure 9: FairPrice login pages

Step 2: By selecting the "store layout" option (Figure 10), the customer would then be able to view the overall layout of the store he is at. This allows the customer to navigate through the store more efficiently. Should the customer wish to find a particular item that he has difficulty locating, the customer can then select the "search for specific items" option (Figure 11) and type in the desired item in the search bar or filter by product category or brand. The aisle number and shelf row would then be displayed. This eases the difficulty in locating items and aids customers in the search for product information within the store in the customer purchasing process at FairPrice, giving rise to greater convenience.

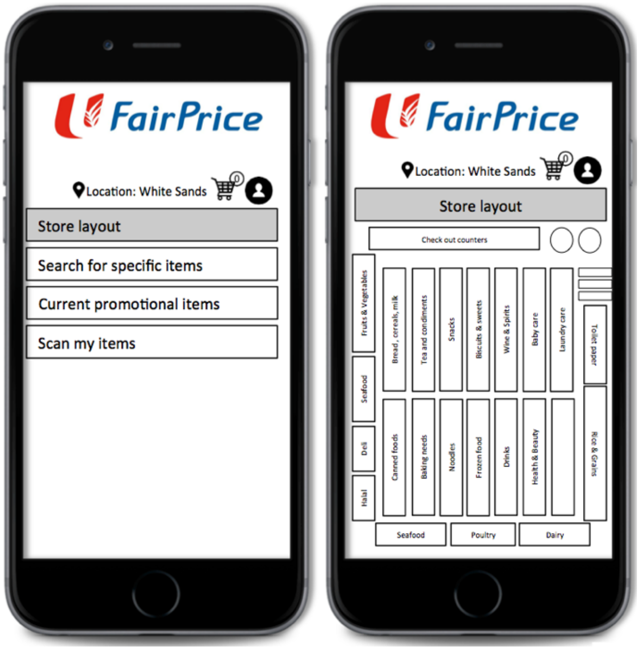

Figure 10: Store layout view on the FairPrice app

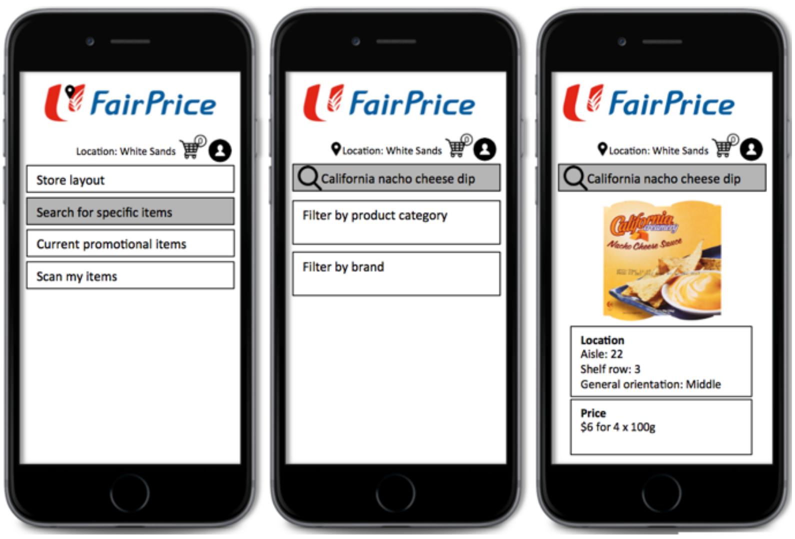

Figure 11: Locating a specific item on the FairPrice app

Step 3: A consolidated list of current promotional items in the store can also be viewed in the app (Figure 12). This aids a customer in the evaluation of alternatives, especially so for FairPrice's price conscious target segment. Additionally, since groceries are convenient goods, which are low involvement in nature, the easy access to this consolidated list would further encourage impulse purchases.

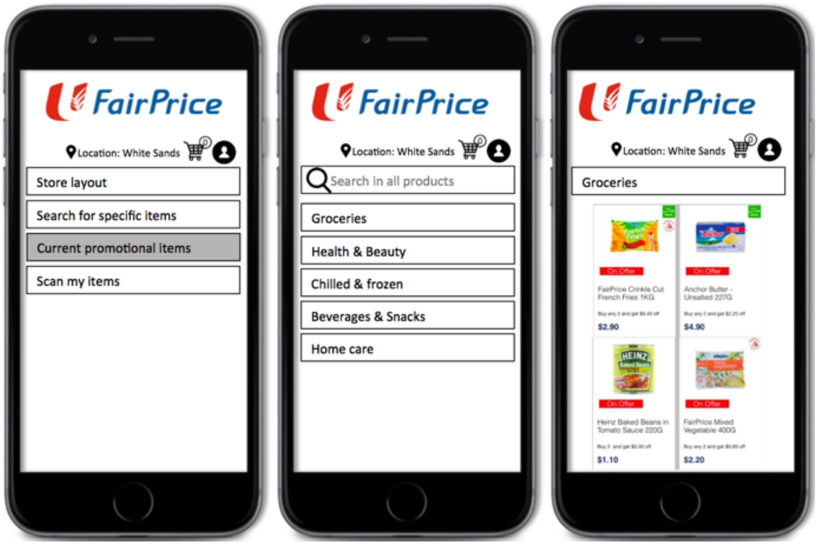

Figure 12: List of current promotional items in the FairPrice app

Step 4: After selecting an item, the customer will then scan the barcode using his mobile phone (Figure 13), place the item in the cart before moving on. The mobile scanner will also give customers a running total as they continue shopping. The customer can then proceed to the cashier for payment after the checkout button is selected.

By transferring the task of scanning to customers, this eliminates the main bottleneck of the payment process to allow greater efficiency.

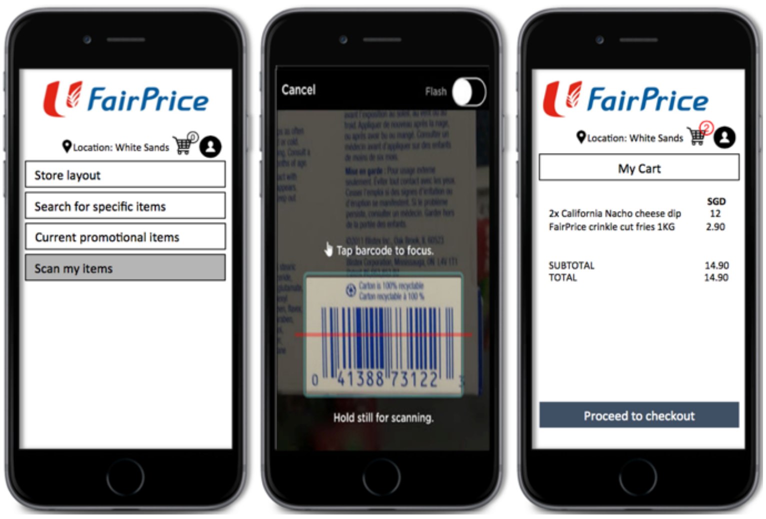

Figure 13: Scanning of items in the FairPrice app

The cashier would then only need to key in the customer's membership details to retrieve the corresponding purchase, verify the items in the basket and bag them. Concurrently, the customer would then pay using his credit card linked in the app. This hence provides greater efficiency through self-service and standardized payment in the purchase stage of the buying process thereby reducing the amount of time spent in queue.

As such, the improved FairPrice mobile app would now establish the presence of omni-channel retailing for FairPrice by allowing the online retail channel to complement stages in the offline in-store buying process, instead of solely existing as separate multi-channels. By integrating both channels seamlessly through a common platform, this ultimately allows FairPrice to deliver a superior customer service in the dimensions of empathy and responsiveness and consequently, a better shopping experience at FairPrice.

5.3 Increased Focus on Food Solutions

Our last recommendation would be for FairPrice to increase its focus in providing more food solutions for customers. This could be done through a two-pronged approach – to provide food solutions for individuals who prefer to cook at home, and for individuals who have no time to cook and need a quick meal fix.

For individuals who have the preference for cooking at home, FairPrice could implement an adaptation of Blue Apron in its services. Blue Apron is an ingredient-and-recipe meal kit service established in the United States. For a fixed price, customers are provided recipes weekly and delivered high quality ingredients for the preparation of these recipes. FairPrice could adapt this service by providing customers with recipes through the app, and subsequently providing the location of the required ingredients for the chosen recipe through the app (Figure 14).

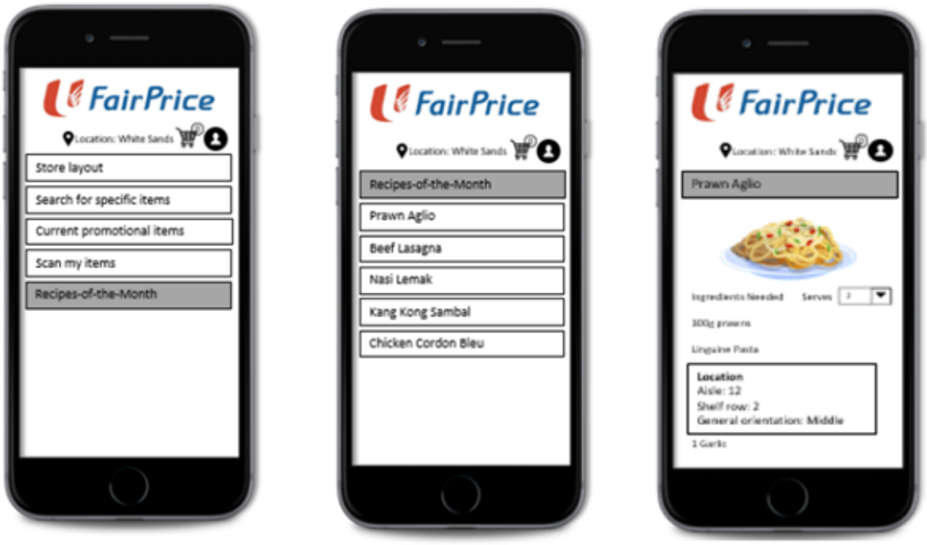

Figure 14: Demonstration of Possible Adaptation of Blue Apron

Adapting the Blue Apron service differentiates FairPrice from its competitors by enhancing the customer retail experience. Not only does it allow for efficient locating of ingredients, but it also promotes home-cooking and encourages individuals to try new recipes. This is in alignment with the emerging interest in home-cooking in Singapore.

For individuals who require a quick meal fix, FairPrice should increase the availability of Ready-to-Eat meals in its stores, given that the current the assortment is relatively shallow. One of the trends identified was that Singaporeans are increasingly 'money-rich and time-poor', and therefore increasingly value convenient solutions. We believe that FairPrice should capitalize on this trend and shift its focus on selling more of such products. The ideal solution would be for FairPrice to create a section in the supermarket devoted solely for Ready-to-Eat meals, preferably located near the cashiers for added convenience. Moreover, FairPrice could provide healthier versions of Ready-to-Eat meals, in alignment with the growing health-consciousness of consumers. FairPrice could further enhance its competitive advantage by providing more in-house Ready-to-Eat meals, which would lower cost and further lower the price for consumers. This could potentially make FairPrice an attractive alternative to convenience stores which are usually more expensive, when sourcing for Ready-to-Eat meals.

6. Conclusion

NTUC FairPrice is an established household brand in Singapore in the grocery industry. However, with the entrants of emerging retail formats such as online grocery retailers and retail formats adapting to changing consumer shopping behaviour, it is crucial that FairPrice does not rest on its laurels. Evaluating its 6 ‘P’s, FairPrice’s retail marketing strategy is consistent with its retail format, concept and brand, achieving gestalt for their retail store. Thus, they are well positioned as a leading grocery retailer in the minds of consumers and is on par with other grocery retailers in offering a positive shopping experience.

Nevertheless, this report highlights several gaps in their retail strategy and proposes respective recommendations that FairPrice could implement to address these gaps. The recommendations specifically target and are tailored accordingly to capitalise on emerging customer shopping behaviours, fundamentally enhancing the retail experience it provide to its consumers, building store loyalty and staying relevant, thus allowing FairPrice to compete effectively in today’s competitive retail landscape.

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8. Appendix

Appendix A: Reasons for not purchasing groceries from online

I dont get to pick the groceries! Shopping in supermarket is also an experience
Concerned about the quality and freshness of the purchase
I guess I am rather old-fashioned when it comes to buying my groceries in physical store.
I want them instantly
Parents don't trust online grocery retailers
I want to feel the product before purchase.
Lazy
Not exposed to the right platform, prefer shopping physically
I'm not the main decision maker for grocery purchasing
Cold Storage is only 5 mins drive away from my house so I can just drive down quickly to grab the things I need.
Food bought online may not conduct the necessary quality controls before shipping them to consumers.
Cannot trust its quality if i dont see it first hand
I prefer to visit the stores to check out the variety as well as comparing prices
Haven't really seen the need to

I find it buying groceries physically there allows me to access to quality and freshness of the item i purchase
Supermarket is near to my house, don't see a need to purchase online
Preferred to see the actual goods before purchase. Supermarkets r convenient around my residential. Enjoy the pleasure of actual shopping
Cause no $$$ for delivery
I prefer to see the products and read the label
I like the experience of physically going down to the supermarkets.
Prefer to physically 'see' the goods before purchase (since they are perishable goods)
I prefer to see and touch the goods.
Supermarket is within walking distance.
Not familiar
Unsure if my orders will be correct or might receive damaged goods
Cannot choose plus might not be fresh
I prefer to get my groceries immediately.