Incumbents can raise market share in industry dominated by select few

NISHA RAMCHANDANI (SINGAPORE) As French hypermarket giant Carrefour leaves Singapore, it leaves a void in the saturated market and opportunity for another player to emerge. It is even less likely such a rival would need to be a specialist, as the French chain's market share in Singapore is under 2 per cent, according to a Reuters report.

Carrefour does very well in Malaysia and China. They started well but when you can expand beyond a certain scale, it’s hard to continue to grow. Hypermarkets tend to do well in smaller cities, according to a CIMB research note. Carrefour was forced to contend with rivals for space, and was further handicapped by the fact that hypermarkets with their specific operating conditions and clout, economies of scale would probably have the potential wallet share (S$158.1 million). “This is the potential under the hypermarket segment,” said an executive.

Carrefour’s exit leaves a void in Singapore’s prime retail location, which holds a share of more than 50 per cent of the hypermarket segment. Tesco, with a presence in the region of 100 million euros (S$132 million) in 2010, when it teamed up with Dairy Farm, remains the market leader. In the saturated market, it is even less likely any new entrant would need to be a specialist. Carrefour’s exit leaves a void in Singapore’s prime retail location, which holds a share of more than 50 per cent of the hypermarket segment. Tesco, with a presence in the region of 100 million euros (S$132 million) in 2010, when it teamed up with Dairy Farm, remains the market leader. In the saturated market, it is even less likely any new entrant would need to be a specialist.