

Strong retail expansion in 2012



Despite poor demand in the context of the current economic difficulties, the local market last year witnessed vigorous competition among existing retailers and newcomers.

Total sales of retail commodities and consumer services in 2012 marked up 16% against 2011, a modest growth compared to the 20-25% in previous years, the General Statistics Office reports. A.T Kearney removed Vietnam out of the top 30 global retail markets in terms of attractiveness but the nation has still remained potential destination to retailers who are racing to expand their networks in many different segments at home.

Supermarket systems had joined a tough competition to develop convenient food store chains during last year given the high economic efficiency of the business model. Nguyen Thanh Nhan, deputy general director of Saigon Co.op supermarket chain, noticed that investors and retailers now have focused on developing convenient food stores, though back in 2008 Saigon Co.op was the only company embracing the Co.op Food model.

Saigon Trade Cooperative Union as the owner of Saigon Food and the well-known supermarket chain Co.opMart, has additionally opened 24 Co.op Food stores, raising the total number of its stores to 55. Co.op Food has posted strong growth regardless of the on-going economic hardship, much higher than the average level of the whole system encouraging the firm to boost the development pace of the food store chain.

Similarly, Saigon Trading Group (Satra) has started expanding Satrafoods stores since the middle of 2011. Satra in 2012 alone opened 12 new stores, taking the total to 18 citywide. An executive of Satra said the firm will continue to concentrate investment on the segment in 2013, with the 19th store opened in HCMC's District 4 today.

France's retailer Big C has also opened seven convenient food stores bearing New Cho brand, including two opened last year. Big C has developed the store chain since 2011 and it even set up C Express brand with the same model to New Cho in the same year. Local producers have also shown their presence in the bustling market. For instance, Vissan specializing in making fresh meat and processed products now has 106 outlets selling and introducing not only its own products but also items made by other producers.

Foreign retailers who have been operational in Vietnam like Big C and Metro Cash&Carry and Shop&Go were busy carrying out expansion plans last year.

Retailer Big C of France's Casino Group has this year opened three new supermarkets in Binh Duong, Can Tho and HCMC, raising its network to a total 21 in Vietnam.

Germany's Metro Cash&Carry in 2012 put into operation seven distribution centers in the country.

South Korea's Lotte Mart put into service Lotte Mart Dong Nai and Lotte Mart Danang late last year. Newcomers in the local industry like Japan's Aeon has poured some US\$109 million into a shopping center project in HCMC's Tan Phu District and US\$95 million into another in Binh Duong Province's Thuan An Town while Family Mart has operated 37 stores in the nation so far.

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