

## ■ Bargain stores defy economic downturn

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Daiso's newest store in Taipei offers more than 100,000 items to bargain hunters. (Staff photo/Meg Chang)

As local shoppers grow more price-conscious, they are turning their eyes to budget stores for the best bargains. Now that consumers make the difference between needs and wants, discount stores have become one of the few players in the retail market to benefit from the economic slump.

"At a time when people are watching what and how they spend, the store that offers up a better price-value equation for consumers along with variety is in a better position," pointed out Robert Passikoff of Brand Keys, a consulting firm in New York City.

Despite the sinking consumer confidence, PX Mart, Taiwan's largest no-frills supermarket chain, has seen its sales increase by 10 percent compared with the same period last year. "The recession does have a certain impact on the retail market in general," said the company's spokesperson Vickey Chen, "but we remain optimistic about 2009." PX Mart has achieved its overall expansion goal of opening 442 stores

countrywide by the end of 2008, and reached its NT\$40-billion (US\$1.2 billion) sales target for the year.

Just as the company's TV commercials advertise, PX Mart does not care for fancy store designs, nor does it provide an extravagant shopping experience. Chen attributed the company's strong performance to their low prices as well as their stores' convenient locations which make them easily accessible to regular customers.

"The worse the economy gets, the more new stores we will open in the future," said PX Mart President Tsai Chien-ho. "This way, more shoppers can enjoy the same low prices offered by hypermarkets, which are often located in suburban areas, while saving on transportation costs." The company's business model is obviously working, as it expects to open 58 more stores in 2009 to achieve a 25-percent annual growth rate in sales revenues.

Another winner amid the gloomy economy is Daiso, a discount store chain from Japan that sells miscellaneous household and personal care products at the same flat price of NT\$39 (US\$1.2) apiece. Although Daiso's pricing strategy is similar to those of dollar stores in the United States, the company differs from other deep discounters in that it focuses on originality and quality, as well as creating a pleasant shopping environment, according to the company's mission statement.

"The economic downturn does not seem to affect us," said Li Yu-ling, a manager at Daiso Taiwan. In fact, she believes that the present financial crisis has helped boost sales. According to Li, the company's 16 stores islandwide have registered an over 20-percent growth in 2008. "We improved our in-store displays and layout designs to build a quality image for our stores and products," she pointed out. Daiso Taiwan's new store, which opened last December in Taipei City's trendy Xinyi shopping district, represents the company's effort to reinvent its image. "We want to show consumers that we are not a cheap quality discounter, but a wonderful shopping destination that offers great value," said Li.

The company has recently renovated one of its Taipei stores which now provides more stylish designs and diversified products. So far, sales at the store have increased 30 percent compared with the same period last year. "I have become careful about spending because of all the bad news we hear about the economy," said Julie Chuang, who was there to buy cleaning supplies for the traditional year-end cleanup. Even at a discount store, she was still comparing prices. "I want to get the best value I can find," she added.

Hypermarkets are also flourishing amid the economic downturn. Costco President Taiwan, Inc., the high-end hypermarket

chain on the island, reported that sales at its four stores averaged a 17-percent growth rate for the fiscal year that ended August 2008, well exceeding its goal for the year. "More customers are showing up at our stores instead of shopping at department stores," said Ahmen Lee, Costco Taiwan's marketing manager, pointing out that the hypermarket's patrons are not necessarily better off than the average consumers. Instead, he described them as "smart shoppers" who look for quality at a reasonable price.

According to Lee, the number of Costco members has increased 10 percent since 2007, and though they go shopping at the store more often than before, the average value of purchases remains roughly the same.

Lee also said that if the economy had any negative impact on sales, he barely felt it. He is also upbeat about 2009, expecting the company to exceed its goal of 12-percent growth.

The popularity of budget stores is becoming a global phenomenon, as discounters around the world seem to outperform other retailers. Wal-Mart Stores Inc., the largest discount retailer in the United States, reported stronger than expected results in November, while the company's shares have consistently beaten the market.

People will keep buying grocery, no matter how the economy fares. To some buyers, shopping at discount stores may be a temporary solution. But as the economy keeps following its downward trend, consumers may have to change their behavior and embrace these retailers as a new way of life. There are always winners and losers when the economy struggles, but bargain stores are definitely among the few beneficiaries of what is deemed the worst economy in decades.

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