

MEDIA RELEASE

2 December 2015

CCS STUDY ON E-COMMERCE: OPPORTUNITIES AND CHALLENGES FOR A LEVEL PLAYING FIELD

1. The rise of e-Commerce in Singapore has generated dynamic market developments and created both opportunities and challenges for businesses. A dynamic and adaptable competition policy and law regime is essential to ensure a level playing field for such businesses. In turn, competition in the e-Commerce market will spur innovation and productivity. The Competition Commission of Singapore (“CCS”), supported by IE Singapore and SPRING Singapore, organised an e-Commerce Seminar today which was attended by more than 150 participants from wide ranging business sectors. Speakers, from both public and private sectors, provided insights on how to ride the e-Commerce wave and navigate the competition landscape in Singapore and regionally.

Growth opportunities for e-Commerce market in Singapore

2. E-Commerce activities in Singapore are growing and the size of Singapore’s online retail market is expected to reach S\$4.4 billion in 2015, which is four times the size of the market in 2010.¹ However, there is still room for more growth in Singapore. Only 4% of household expenditure is spent online in Singapore², and online sales account for just 4 to 5% of total retail sales in Singapore³. More mature e-Commerce markets like China, the UK and the US account for 10%, 13% and 6.5% of total retail sales respectively.⁴
3. CCS had commissioned an economic consultancy firm, DotEcon Ltd., earlier this year to study and better understand the development and characteristics of e-Commerce, the specific competition issues that e-Commerce activities can give rise to, as well as the implications for competition policy and law in Singapore. The key findings from the research report were presented at the CCS E-Commerce Seminar, where speakers from the public and private sectors shared

¹ PayPal (2011) *Online and mobile shopping in Singapore*. See summary at: <http://www.mediabuzz.com.sg/asian-emarketing-latest-issue/1247-paypals-first-comprehensive-study-on-online-and-mobile-shopping-in-singapore>

² Singapore Department of Statistics (2015), [Household expenditure survey 2012/2013 – Observations on prevalence of online purchase](#). 11,050 households (headed by a Singapore citizen or permanent resident) were interviewed for the 2012/2013 survey.

³ A.T. Kearney and CIMB ASEAN research institute (2015), [Lifting the Barriers to e-Commerce in ASEAN](#).

⁴ eMarketer, 23rd December 2014, *Retail Sales Worldwide Will Top \$22 Trillion This Year*: <http://www.emarketer.com/Article/Retail-Sales-Worldwide-Will-Top-22-Trillion-This-Year/1011765>

on how businesses can seize opportunities and overcome challenges related to e-Commerce. A summary of the study by CCS can be found at Annex C.

Opportunities and challenges for businesses

4. E-Commerce facilitates the entry and expansion of businesses into markets. This is because companies are able to overcome traditional limitations in Singapore, such as rental cost, manpower shortages, and small market size. Businesses are also able to reach a wider pool of customers both within Singapore and overseas.
5. However, e-Commerce also brings about challenges, particularly to incumbent businesses, as they have to transform their business models to respond to keener competition. New online intermediaries have emerged and grown rapidly to provide services that directly compete with those offered by traditional businesses.
6. Some competition issues, which have been gleaned from experiences overseas and are likely to be more prevalent in the e-Commerce markets, were highlighted in the research report. For example, as online platforms grow, their large user base may make it difficult for rival platforms to compete effectively. Further, some traditional businesses may also feel threatened by e-Commerce activities and may engage in anti-competitive behaviour to protect themselves from these e-Commerce businesses. In addition, customer data may become an important source of market power as new entrants may find it difficult to replicate information collated by incumbents in the course of their normal business activities, thereby creating a barrier to entry and expansion.
7. At the seminar today, Mr. Toh Han Li, Chief Executive, CCS said:

“Within CCS, we recognise that a level e-playing field would be essential to encourage and facilitate companies to embark on their e-Commerce journey. Impediments to the e-Commerce level playing field include business practices by incumbents which may have the effect of stifling the growth of companies’ e-Commerce expansion plans, and thus be considered anti-competitive. At the same time, businesses that have successfully innovated should be entitled to reap the rewards in such markets. We also hope that the idea of a level e-Commerce playing field can move across national boundaries and be extended to the ASEAN Economic Community and the vision of a single market integration.”

“The findings of the e-Commerce research report help CCS better understand the drivers and barriers for e-Commerce activities in Singapore. In maintaining a level e-playing field, CCS will continue to closely monitor market developments. This year, CCS will be embarking on a new joint study with the Infocomm



Competition
Commission
SINGAPORE

Development Authority of Singapore (IDA) to further examine the impact of e-Commerce on the postal and logistics market in Singapore.”

-End-

Enclosed

Annex A: Opening address of Mr. Toh Han Li, Chief Executive, CCS

Annex B: E-Commerce Seminar Brochure

Annex C: CCS paper on E-commerce in Singapore

About The Competition Commission of Singapore (CCS)

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

For more information, please visit www.ccs.gov.sg.

For media clarifications, please contact:

Ms. Grace Suen
Assistant Director
Communications
Competition Commission of Singapore
Email: grace_suen@ccs.gov.sg
DID: 6325 8216/ 9835 8601