



MEDIA RELEASE

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CCS INVESTIGATION FINDS ONLINE FOOD DELIVERY INDUSTRY TO BE CURRENTLY COMPETITIVE BUT EXCLUSIVE AGREEMENTS COULD BE PROBLEMATIC IN FUTURE

1. Acting on complaints, CCS has investigated an alleged anti-competitive practice by an online food delivery provider in Singapore. The investigation revealed that the online delivery food provider had entered into exclusive agreements with certain restaurants¹, which prevented the restaurants from using other providers' services. CCS has ceased its investigation as competition has not been harmed. However, CCS will continue to closely monitor the market as such exclusive agreements can be problematic in future.

2. The online food delivery industry has grown tremendously over the past year. Online food delivery services provided by the likes of Deliveroo, FeastBump, Foodpanda, Gourmet To Go, UberEats, and What to Eat allow customers to browse and order online from a selection of restaurants' menu items for delivery. Customers enjoy the ease and convenience of their meal being delivered to them within a short time. Online food delivery services also serve as a marketing channel for restaurants to reach a wider pool of customers and generate an additional revenue source, without the costs of expanding their dine-in services.

3. Through the investigation, CCS found that currently, the exclusive agreements have not harmed competition, and the industry is competitive. Competing online food delivery providers have expanded significantly over the past year. CCS notes that after it commenced the investigation, a delivery provider stopped introducing exclusive agreements with restaurants, but at the same time other providers have been using such agreements to gain market share.

4. While competition law in Singapore does not per se prohibit businesses from achieving market power or striving towards it, businesses with a dominant market position are prohibited from preventing their competitors from competing effectively or shutting them out of the market through exclusive business practices such as exclusive agreements with their suppliers or customers. If such conduct is found to harm competition, CCS can take enforcement action.

¹ This includes food and beverage outlets such as fast food outlets and cafes.

5. CCS Chief Executive, Mr Toh Han Li said,

“The online food delivery industry is currently vibrant with new entrants competing aggressively and market shares changing significantly.

In the course of our investigation however, we have noted the use of exclusive agreements by online food delivery providers as one method to attain market shares. In the event that the online food delivery provider becomes dominant, the presence of such exclusive agreements risks infringing competition law as it would affect the competitive state of the market. Instead of relying on exclusive business practices, businesses should compete on merit, leading to a more vibrant market with more choices for restaurants and consumers.

We welcome feedback from restaurants and other industry stakeholders to help us assess developments and practices in this industry, including whether there are other restrictions that are impeding competition.”

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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.

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