



MEDIA RELEASE

19 December 2017

RETAIL PETROL MARKET INQUIRY: CCS RECOMMENDS IMPROVING PRICE TRANSPARENCY AND RAISING CONSUMER AWARENESS ON OCTANE GRADES

1. The Competition Commission of Singapore (“CCS”) has released its findings from its inquiry into the retail petrol market in Singapore to understand the pricing decisions of petrol retailers and purchasing habits of consumers.¹ Although the information available to CCS does not indicate collusion between the petrol retailers in Singapore, there is scope to increase transparency of effective retail petrol prices to encourage competition. Key findings are as follows:²

2. **There is price differentiation between petrol retailers through the use of discounts.** While the listed retail prices of the petrol retailers are similar, their effective prices were lower by 5% to over 20% than the listed prices due to various discounts and rebates offered under loyalty programmes, through the use of payment cards and other available promotions. The survey found that a high proportion of consumers (93%) used petrol discounts on a regular basis.

3. **There is high brand loyalty among consumers.** Majority of consumers (58%) did not switch petrol brands between 2012 and 2016 and only an average of 1 in 5 consumers (22%) compared prices across petrol brands. Consumers did not switch petrol brands due to the convenience of station locations, satisfaction with current credit/debit card promotions and loyalty programmes, accessibility to a wide network of stations, and protection of the vehicle’s engine.

4. **Greater transparency of effective retail prices will help consumers make more informed choice and encourage a more competitive market.** Discount and rebate schemes are complicated and make price comparison difficult for consumers. If information on effective prices, i.e. retail prices net of petrol discounts and rebates, was made simpler and available, consumers would be able to effectively compare prices and make more informed petrol purchase decisions. This would in turn facilitate a more price-competitive retail petrol market in Singapore, as petrol retailers would then be encouraged to offer better prices and promotions to attract consumers.³

¹ The market inquiry commenced in 2015. For the purpose of the inquiry, CCS obtained information from each of the four petrol companies, namely ExxonMobil Asia Pacific Pte. Ltd., Shell Eastern Petroleum Pte. Ltd., Chevron Singapore Pte. Ltd. and Singapore Petroleum Company Limited by using its powers under section 61A of the Competition Act (Cap. 50B). CCS also commissioned a consumer survey, which was conducted by Forbes Research Pte. Ltd. between April and June 2016.

² The findings included the interim findings which were earlier published on 23 February 2016 and can be found on CCS website: <https://www.ccs.gov.sg/media-and-publications/media-releases/interim-findings-from-ccs-retail-petrol-study>.

³ CCS found that amongst respondents who monitor prices across petrol brands, those who monitor

5. **There should be greater awareness among motorists about using the correct octane grades that optimise engine performance.** The survey showed that a majority of motorists in Singapore (63%) purchased a higher grade of petrol than needed for their vehicles. However, studies have shown that using a higher petrol grade than recommended by the vehicle manufacturer does not necessarily equate to better engine performance.⁴ CCS will continue to advocate more consumer awareness through appropriate channels.

6. Based on these findings, CCS is of the view that the development of a web portal and/or mobile application showing a comparison on petrol prices and discounts will further empower consumers to make more informed purchasing decisions and encourage more transparent competition amongst the petrol retailers, given the potential entry of a fifth petrol retailer in Singapore. CCS is exploring the development of the web portal and/or mobile application with relevant stakeholders.

7. The full report is available on CCS's website at www.ccs.gov.sg/media-and-publications/publications/studies-research-papers/market-studies.

prices through comparison websites or mobile/tablet applications enjoyed a 2% higher discount compared to those who monitor through conventional means (e.g. on-site display) or petrol retailers' websites. This would translate to potentially \$40 million in savings per year, if all motorists in Singapore monitor petrol prices through comparison websites or mobile/tablet applications.

⁴ References to the studies are provided in the report.

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. Loy Pwee Inn
Senior Assistant Director
International and Strategic Planning Division
Competition Commission of Singapore
Email: loy_pwee_inn@ccs.gov.sg
DID: 6325 8313

Ms. Grace Suen
Senior Assistant Director
International and Strategic Planning Division
Competition Commission of Singapore
Email: grace_suen@ccs.gov.sg
DID: 6325 8216 / 9835 8601