

MEDIA RELEASE

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CCCS CONCLUDES INVESTIGATION INTO ONLINE FOOD DELIVERY AND VIRTUAL KITCHEN SECTORS

1. Acting on industry feedback, the Competition and Consumer Commission of Singapore (“**CCCS**”) commenced an investigation on 30 September 2019 into the online food delivery and virtual kitchen sectors in Singapore. The conduct which involved the refusal to supply online food delivery services to competing virtual kitchens has ceased. CCCS notes that competition in the virtual kitchen sector remains dynamic, with players entering and competing for market share. Accordingly, CCCS has decided to cease its investigation, but will continue to monitor the conduct of market players in the online food delivery and virtual kitchen sectors.

Background

2. Virtual kitchens are integrated and optimised commercial kitchen spaces provided to food and beverage operators (“F&B operators”) for food preparation, predominantly for online food delivery services. Virtual kitchens provide another channel for F&B operators to start small and gradually expand their business through online food deliveries, without the costs associated with running a dine-in restaurant. Virtual kitchens also allow consumers to enjoy a wider and better choice of food for delivery.

3. In recent years, three main online food delivery providers in Singapore – Deliveroo, Foodpanda and GrabFood – have started to provide virtual kitchens as an additional service to the F&B operators, who are able to access their respective online food delivery services.¹ Smart City Kitchens (“**SCK**”), which competes to provide virtual kitchens to various F&B operators, does not operate any online food delivery service and would need to rely on the main online food delivery service providers to fulfill deliveries for the F&B operators that operate out of its virtual kitchens.

4. The conduct investigated by CCCS includes the refusal to supply online food delivery services to F&B operators using SCK’s virtual kitchens.

¹ Deliveroo’s virtual kitchen is branded as Deliveroo Editions, Foodpanda’s virtual kitchen is branded as Favourites by Foodpanda, and GrabFood’s virtual kitchen is branded as GrabKitchen. Besides providing facilities that house multiple virtual kitchens, virtual kitchen providers may also provide related services such as the management and sorting of food orders to facilitate pick up by delivery personnel.

Developments

5. Following CCCS's investigation, GrabFood and Deliveroo have started supplying their online food delivery services to F&B operators in SCK's virtual kitchens which already have access to Foodpanda's online food delivery service. As a result, F&B operators using SCK's virtual kitchens now have the choice of using multiple online food delivery providers to expand their consumer reach. There is greater competition in the virtual kitchen sector, and consumers are also able to enjoy a greater choice of food ordered online. With greater competition, businesses are incentivised to innovate to cater more efficiently to the evolving needs and preferences of their customers.

6. CCCS has ceased its investigation, but it will continue to monitor market practices and take necessary enforcement actions against any anti-competitive conduct in these sectors.

About the Competition and Consumer Commission of Singapore

The Competition and Consumer Commission of Singapore ("CCCS") is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

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

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