



MEDIA RELEASE

10 September 2020

CCCS Market Study on E-commerce Platforms Recommends Update to Competition Guidelines

1. The Competition and Consumer Commission of Singapore (“**CCCS**”) has issued its findings and recommendations for its market study on e-commerce platforms. The market study focused on gaining an in-depth understanding of the business models and operating environment of e-commerce platforms that compete or potentially compete across multiple market segments offering distinct products and/or services. It also identified potential competition and consumer issues which may arise from the proliferation of such e-commerce platforms. ¹ Taking into consideration the issues identified, CCCS has reviewed its existing assessment toolkit to ensure that it is sufficiently robust to address the issues identified.
2. Digitalisation has opened new ways of doing business, work and play. The recent years have seen a proliferation of digital platforms² globally. In Asia and Southeast Asia, including Singapore, there is an emerging trend of e-commerce platforms that generally start their growth in a single product or service market segment, before expanding to other market segments (for example, “super apps” that offer an integrated range of distinct products and/or services). CCCS focused on such e-commerce platforms operating in the region in its market study as their operations tend to be more localised, with the effects on market competition and consumers being potentially more direct and immediate. Further, such e-commerce platforms have not been the focus of similar studies overseas.³

¹ CCCS appointed Frontier Economics Pty. Ltd. to conduct a consultancy study, comprising (a) interviews with industry stakeholders; (b) an online survey of e-commerce platform users; and (c) a literature review covering relevant economic literature and experiences in other overseas jurisdictions.

² These digital platforms facilitate interactions between two or more groups of users over the internet, and provide value for users on one side of the platform by matching or connecting them with users on the other side(s) of the platform.

³ Studies have also been undertaken by the governments or competition authorities in other jurisdictions to understand the growth of digital platforms, in an effort to determine if their existing competition regulatory frameworks and policies should be revised to better address the issues arising from the growth of digital companies. This includes the United Kingdom Digital Competition Expert Panel’s review of competition in digital markets, and the accompanying report “[Unlocking Digital Competition](#)”, which was published on 13 March 2019; the European Commission’s report “[Competition Policy for the Digital Era](#)”, which was published on 4 April 2019; the digital platforms inquiry conducted by ACCC, and the accompanying “[Digital Platforms Inquiry Report](#)” which was published on 26 July 2019; and the United Kingdom and the [final report](#) published on 1 July 2020.

3. The market study is part of CCCS's on-going efforts to monitor key developments in the digital economy and understand the impact of these developments on competition and consumers in markets within Singapore.⁴

Competition findings and recommendations

4. Based on industry feedback⁵, CCCS did not identify any current major competition concerns involving e-commerce platforms in Singapore. Currently, CCCS's existing competition framework is sufficiently robust to address major competition issues that may arise from the proliferation of e-commerce platforms that compete in multiple market segments in Singapore⁶. Other findings from the market study include:
 - a. **Consumers check multiple platforms for better offers, and consider both price and non-price factors in deciding which platform to use.** While price plays an important role in a consumer's initial choice of e-commerce platform and in a consumer's decision to switch to another platform, non-price factors (including

⁴ For example, in September 2019, CCCS published a [market study](#) report on the online travel booking sector in Singapore. Following the study, CCCS developed a set of guidelines on price transparency to provide guidance to suppliers. The CCCS Guidelines on Price Transparency were published on 7 September 2020 following public consultation, and are available [here](#). In February 2019, CCCS collaborated with the Personal Data Protection Commission ("PDPC") to publish a [discussion paper](#) on data portability, setting out the benefits and concerns which might arise with the introduction of a data portability requirement. These two studies were built on the earlier studies in 2015 and 2017. In 2015, CCCS had looked into the e-commerce markets in [Singapore](#) and [ASEAN](#) respectively. In 2017, CCCS collaborated with the PDPC and the Intellectual Property Office of Singapore on a [research project](#) to study the implications of the proliferation of data analytics and data sharing on competition policy and law, personal data protection regulation and intellectual property law in Singapore. These studies assisted CCCS in its understanding of digital markets as they develop.

⁵ As part of the market study, interviews were conducted with a range of industry stakeholders, including (i) e-commerce platforms that compete, or potentially compete in multiple market segments offering distinct products and/or services in Singapore or in the Southeast Asian region; (ii) e-commerce platforms that offer their own dedicated e-payment services (e.g. e-wallets); (iii) e-commerce platforms that do not offer their own dedicated e-payment services; (iv) companies that offer e-payment services; (v) companies supplying services relating or adjacent to e-commerce platforms; and (vi) specialist consultancy that advises platform companies on business strategy. In addition, an online survey of platform consumers (individuals who purchase products or services on an e-commerce platform) and platform suppliers (either businesses or individuals who supply products or services on an e-commerce platform) was conducted.

⁶ The market study found that while a number of e-commerce platforms compete in multiple market segments, e-commerce platforms generally start off in a single market segment, before expanding into other market segments. Such e-commerce platforms first seek to establish a position of viability in the market segment by employing a wide range of strategies to attract a critical mass of users and build trust in the platform. The user acquisition strategies employed by e-commerce platform operators include creating responsive feedback systems for consumers and implementing a range of customer protection policies. An e-commerce platform may then achieve a competitive advantage in the second or subsequent market segment through leveraging its existing user base from the first market segment, particularly if the users are loyal to the platform. Thus, e-commerce platform operators seek to foster greater platform loyalty through both price (e.g. rewards or subscription-based benefits) and non-price strategies (e.g. using data to understand users' preferences). The market study also found that an e-commerce platform operator's decision to expand into subsequent market segments in Singapore may be influenced by commercial considerations or strategies for a broader market (e.g. Southeast Asian regional market).

ease of use, trust and familiarity with the platform) contribute to longer term customer loyalty.

- b. **E-payment services by e-commerce platforms are unlikely to be a pre-requisite for a platform's success in Singapore.** There are a wide range of e-payment systems used in Singapore, and most consumers still use the e-payments systems by banks or credit cards for their transactions.
 - c. **The lack of data is currently not a critical barrier to entry for e-commerce platforms.** However, the digital economy is rapidly developing and the importance of data for e-commerce platforms may gradually increase over time with the further use of artificial intelligence and algorithms; and
 - d. **Data protection is not a key parameter of competition amongst e-commerce platforms currently.** E-commerce platforms appear to perceive data protection as an important part of building trust with their users. However, consumers do not currently view data protection as a key feature in their choice of e-commerce platform(s).
5. However, the market study identified certain areas where further clarity and guidance by CCCS could be beneficial to assist businesses in the application of the Competition Act (Cap. 50B) in the digital space. In this regard, CCCS intends to update its competition guidelines⁷ to clarify the following:
- a. Defining the market for multi-sided platforms, including specific features of multi-sided platforms (e.g. number of markets to be defined, indirect network effects, price structure) that may be taken into consideration as well as how consumption synergies⁸ may be taken into account when assessing whether there is a “product ecosystem” comprising multiple products and/or services sold by the same seller. With these amendments, businesses can better understand how CCCS assesses which market(s) is/are affected in cases involving multi-sided platforms and/or digital platform companies;
 - b. The assessment of market power and abuse of dominance, including the relevant factors (e.g. control of data) that may be considered in assessing market power and potential new theories of harm such as “self-preferencing”⁹. With these amendments, businesses can better understand how CCCS assesses whether a company has market power, as well as how to avoid engaging in anti-competitive conduct; and
 - c. The assessment of mergers and acquisitions, where one or more of the firms to the merger are important innovators that may change competitive dynamics even if they do not have a large market share, or involving firms that operate in different

⁷ For additional details on the proposed amendments to the CCCS's competition guidelines, please refer to CCCS's Public Consultation Paper published on 10 September 2020.

⁸ Consumption synergies refer to benefits such as convenience, savings in transaction costs and time, from purchasing multiple distinct products or services from the same supplier instead of purchasing each product or service from different suppliers.

⁹ Self-preferencing occurs when a company gives preferential treatment to its own products and/or services when they are competing with other products and/or services that are supplied using the company's platform.

product markets (i.e. conglomerate mergers). Businesses, including digital platforms, seeking to enter into mergers or acquisitions can better understand when these transactions may give rise to competition concerns.

Consumer protection findings and recommendations

6. Successful e-commerce platforms rely on providing a good customer experience and fostering trust to sustain business from consumers. This has encouraged e-commerce platforms to institute a range of measures to not only earn and keep consumer trust, but to also protect consumers from unfair practices. As the intermediary between sellers and consumers and sometimes as a direct seller to consumers, e-commerce platforms play an important role in safeguarding consumers' interests.
7. CCCS notes that some e-commerce platforms have put in place targeted measures to protect consumers against unfair practices. For example, some e-commerce platforms have put in place a non-compliance points system to discourage sellers from engaging in misleading claims about the price or nature of goods. Additionally, some e-commerce platforms have guarantee features or pre-payment protection measures that protect consumers against defective goods or non-delivery of goods. However, based on a survey¹⁰, some consumers indicated that they have encountered certain unfair practices on some e-commerce platforms. The most common unfair practices reported by consumers are false claims of limited-time discounts, misrepresentations regarding limited quantities and false claims of discounts or benefits.
8. In this regard, e-commerce platforms should continue to enhance their measures to protect consumers. They should also consider raising sellers' awareness and understanding of the Consumer Protection (Fair Trading) Act (Cap. 52A) as well as encouraging sellers to adopt good trade practices. CCCS has developed an infographic containing good trade practices for sellers to promote responsible selling on e-commerce platforms (Annex). E-commerce platforms, such as Lazada and Shopee, have committed to the dissemination of such good trade practices to their sellers.
9. The fostering of trust in e-commerce platforms is the shared responsibility of all relevant stakeholders, including consumers. Consumers who are aware of unfair practices and who exercise due care when transacting on e-commerce platforms will make more informed decisions and better protect themselves.
10. The full market study report is available on CCCS's website [here](#).

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¹⁰ Survey was conducted by Frontier Economics Pty. Ltd., an economic consultant appointed by CCCS as part of the market study.

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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GOOD PRACTICES FOR SELLERS

Sell responsibly. Build up and maintain a solid reputation as a trusted seller.



#1. Be upfront. State the price of goods and services clearly and accurately.

- Include mandatory charges in the headline price.
- If these charges cannot be calculated in advance, disclose the existence of such charges together with the headline price.



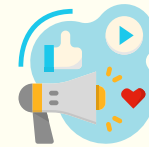
#2. Ensure that discounts and the duration of any discount are true.

- Use true usual prices when making comparisons.
- Keep records of past sales and prices to show that discounts are true.
- State time period of discounts clearly.



#3. Provide key information to consumers.

- State key terms and conditions (T&Cs) such as warranties, shipping terms, refunds and returns prominently and clearly.
- Clearly display hyperlink to T&Cs where it is not possible to disclose such T&Cs upfront due to space constraints.

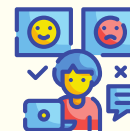


#4. Ensure that product descriptions are truthful and accurate.

- Do not make false claims or exaggerate what your products can do.
- Be accurate, clear and precise in your description of product features.
- State the condition of your products (e.g. new/used).
- Check that the country of origin, functionalities and regulatory approvals of your products are truthfully stated on your listing.



#5. Do not post or pay for fake reviews.



#6. Monitor buyers' queries and feedback.

- These provide an indication of what may be potentially misleading.
- Identify and remove false or misleading claims in your product or price descriptions or key terms.



For more guidance on pricing practices to avoid potential infringements of the Consumer Protection (Fair Trading) Act, refer to the CCCS Guidelines on Price Transparency at www.cccs.gov.sg