



## **MEDIA RELEASE**

**28 September 2018**

### **CCCS Consults on the Proposed Acquisition by NTUC Enterprise Co-Operative Limited of Kopitiam Investment Pte Ltd**

The Competition and Consumer Commission of Singapore (“**CCCS**”) is conducting a public consultation to gather feedback on the proposed acquisition by NTUC Enterprise Co-operative Limited (“**NTUC**”) of 100 per cent of the equity interests in Kopitiam Investment Pte Ltd (“**Kopitiam**”) and its subsidiaries (the “**Proposed Transaction**”). Prior to the completion of the Proposed Transaction, Kopitiam will acquire all of the outstanding shares in iMetrics Pte Ltd (“**iMetrics**”).

2. CCCS received a notification from NTUC for a decision on the Proposed Transaction, and accepted the notification as complete on 28 September 2018. CCCS is now assessing whether the Proposed Transaction would infringe section 54 of the Competition Act (Cap. 50B), which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

#### **The Parties**

3. NTUC is the holding cooperative for the Singapore-based Group of NTUC Social Enterprises. NTUC, through NTUC Foodfare Co-operative Ltd (“**Foodfare**”), manages various food and beverage (F&B) retail outlets such as food courts, coffee shops, hawker centres, cafes and food stalls as well as kitchen spaces in providing food services to nursing homes and other government organisations and institutions. Foodfare has also developed extensive food manufacturing capabilities at its central kitchen facility, to create innovative food products such as ready-to-eat meals and low-GI products. While some of NTUC’s subsidiaries may have business activities outside of Singapore, NTUC only operates F&B retail business locally.

4. Kopitiam is a Singapore-based private limited company whose primary business activity is in F&B retail, specifically in the local food service management industry in Singapore. Kopitiam manages the daily operations of Kopitiam eateries, and leases stalls to food vendors. It also directly operates all drinks, fruits and desserts

stalls within eateries that it manages. Kopitiam does not have any business activity outside of Singapore.

5. iMetrics is a Singapore-based private limited company which provides IT services such as point of sales systems, office systems, ordering systems, queue systems, and stored value card systems for the F&B industry (including Kopitiam).

### **The Proposed Transaction**

6. NTUC submits that it overlaps with Kopitiam in two markets: (i) the sale of cooked food to individual consumers in Quick-service Eateries<sup>1</sup>, and (ii) the rental of stalls to food vendors located within coffee shops, food courts and hawker centres known collectively as “Street Stall” . According to NTUC, the geographic market for the sale of cooked food to individual consumers in Quick-service Eateries are isochrones<sup>2</sup> of at least 500 metre radii<sup>3</sup>, and the geographic market for the rental of stalls to food vendors located within Street Stall premises is Singapore-wide.

7. NTUC submits that the Proposed Transaction will not give rise to anti-competitive effects in these relevant markets, given the multitude of suppliers of cooked food in Quick-service Eateries as well as strong competing Street Stall operators that have expanded aggressively in recent years. Further, barriers to entry and expansion are low since obtaining the necessary operating licences is not unduly onerous and upfront capital expenditure will become lower over time as the food services industry adopts technology and innovative practices. New entrants or existing competitors will find it easy to enter or expand into the relevant markets quickly on a material scale, since more sites are likely to be made available for Street Stall operations as part of URA’s significant development plans in many commercial precincts and housing estates in Singapore. Customers in both markets also have low switching costs. In the market for the sale of cooked food, individual consumers have various choices of providers of cooked food sold in Quick-service Eateries within walking distance. In the market for the rental of stalls to food vendors, there is strong competition among Street Stall operators for food vendors who are generally

---

<sup>1</sup> NTUC submits that “Quick-service Eateries” are spaces where individual consumers are able to purchase cooked food that is freshly prepared and processed speedily for immediate consumption in a casual, quick, communal and self-service dining environment, and where prices are generally lower than full-service dining establishments.

<sup>2</sup> An isochrone is a line which joins together all of the points that can be reached within a constant journey time from a given starting location.

<sup>3</sup> This is because NTUC observes and estimates that given the nature of cooked food sold in Quick-service Eateries, consumers are generally willing to travel up to at least 500 metres (and usually on foot) from their current location to purchase food with such characteristics.

indifferent to stall location so long as the rental terms are competitive and there is sufficient consumer traffic.

8. NTUC submits that the Proposed Transaction would allow NTUC, by way of Foodfare and Kopitiam, to create a more efficient business with cost and operational synergies<sup>4</sup> generated by its enlarged scale. According to NTUC, the enlarged scale will enhance its ability to optimise its mix of food offerings across its outlets, thereby enabling a better value proposition when it bids for new site. This will in turn allow NTUC to win sites at attractive rates and secure more attractive rental terms for tenants. In addition, the cost savings generated would improve its ability to deliver quality and affordable cooked food more efficiently and on a much larger scale in Singapore. Further, NTUC can re-channel the cost savings to invest in research & development, new technologies and innovative in-store practices which will in turn improve the value to food vendors and deliver a better dining experience for end consumers.

### **Public Consultation**

9. CCCS is inviting public feedback on the Proposed Transaction from 1 October 2018 to 12 October 2018.

10. More information on the public consultation can be accessed and downloaded from the CCCS website at [www.cccs.gov.sg](http://www.cccs.gov.sg) under the section "Public Register and Consultation". If the submission/correspondence contains confidential information, please also provide CCCS with a non-confidential version of the submission or correspondence.

**- End -**

### **About the Competition and Consumer Commission of Singapore (CCCS)**

CCCS 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 CCCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) which protects consumers

---

<sup>4</sup> These synergies include initiatives such as joint procurement, the ability to reduce back office/staff headcount and streamline upstream operations through a central kitchen, as well as more efficient utilisation of any spare capacity at the factories owned by Kopitiam and NTUC.

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](http://www.cccs.gov.sg).

For media clarifications, please contact:

Ms. Grace Suen

Senior Assistant Director

Communications

Competition and Consumer Commission of Singapore

Email: [grace\\_suen@cccs.gov.sg](mailto:grace_suen@cccs.gov.sg)

DID: 6325 8216 / 9835 8601