

# JUST A CLICK AWAY!

Bringing forward food  
eCommerce in Asia





## About Food Industry Asia

Food Industry Asia (FIA) was formed in 2010 to enable major food manufacturers to speak with one voice on complex issues such as health and nutrition, food safety, sustainability and harmonisation of standards.

From its base in Singapore, FIA seeks to enhance the industry's role as a trusted partner and collaborator in the development of science-based policy throughout Asia. To do so means acting as a knowledge hub for Asia's national industry associations and affiliated groups, to support with their engagement of public bodies and other stakeholders across the region.

## About Kantar

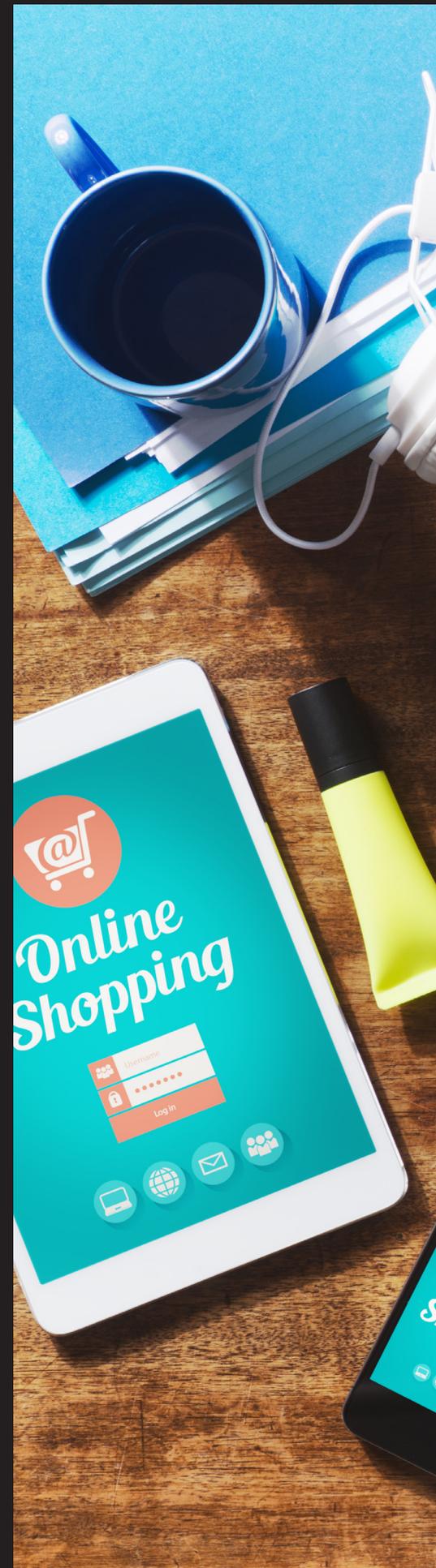
Kantar is the world's leading data, insights and consulting company. By combining the expertise of our people, our data sources and benchmarks, our innovative analytics and technology, we help clients understand people and inspire growth.

In a fast-changing retail environment, staying close to shoppers and channels is crucial. With the rise of digital commerce and new go-to-market models, we help industries, brands and retailers manage and evolve their offer. In this paper, we seek to envision what the future of eCommerce might look like for the food industry.

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# Executive Summary

By 2023, Asia is expected to contribute to more than half of the global sales revenue of food and beverages sold through eCommerce. As the eCommerce channel continues to grow rapidly, it is gaining increased attention from consumers, retailers, brands and regulators alike. These stakeholders have different interests and it is therefore important for the collective industry to strike a balance in order to drive the one objective that they all have in common: sustainable growth.

Fundamentally, there needs to be a balance between the level of commercial development and regulatory control in order to secure long term sustainable growth for eCommerce as a channel for the sales of food and beverages. However, the eCommerce channel is evolving too quickly for regulatory stakeholders to respond to and keep track of.

These challenges include:

- i. Ensuring that the large number of online sellers that might be operating on different eCommerce platforms, are aware of, understand, and are able to implement the mandatory food safety and quality regulations
- ii. Ensuring that regulatory frameworks are not siloed within geographic borders, especially with an increasingly globalised movement of goods and services through cross-border eCommerce
- iii. Providing greater clarity and standardisation on product information displayed at the point of purchase and at the point of delivery
- iv. Establishing accountability throughout an increasingly complex food eCommerce supply chain

The level of food eCommerce market maturity across Asian markets differs significantly, with China, India, and Indonesia leading the way from a regulatory point of view. In these markets,

there are specific regulations for the sales of food and beverages through eCommerce in a bid to standardise business practices and ensure food safety. The development of international guidelines is currently underway, but we encourage individual markets and businesses to proactively think about the aforementioned regulatory challenges to drive long-term sustainable growth.

Given the complexity of issues, we have set out three overarching industry goals that would secure and propel growth:

## 1. Building regulatory system agility

Secure the right level of flexibility and agility to ensure that regulatory frameworks are continuously capable of addressing characteristics of the rapidly evolving eCommerce channels.

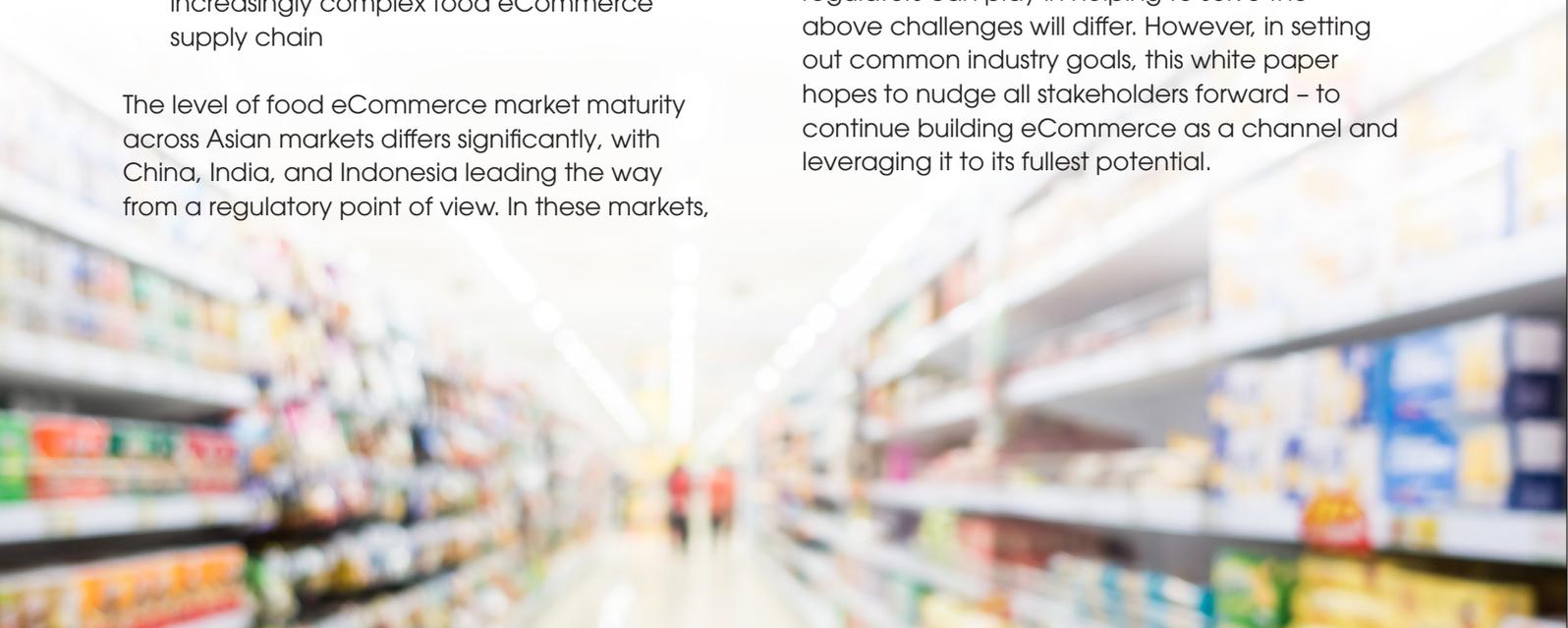
## 2. Implementing standardised regulations and control measures for the sales of food through eCommerce

Create a standardised set of safety, quality and labelling guidelines for the sales of food through eCommerce in order to put in place an effective yet efficient system of checks and balances.

## 3. Achieving traceability and accountability throughout the food eCommerce supply chain

Drive transparency and greater traceability throughout the food eCommerce supply chain in order to better share responsibilities and define liabilities across the various stakeholders involved.

The role that individual businesses and regulators can play in helping to solve the above challenges will differ. However, in setting out common industry goals, this white paper hopes to nudge all stakeholders forward – to continue building eCommerce as a channel and leveraging it to its fullest potential.



## Introduction

Rapid technological development and increasingly accelerated lifestyles have significantly impacted the way consumers shop today. eCommerce as a sales channel is growing at an unprecedented rate, expected to reach a total global revenue of USD 2.67 trillion by 2023 with a Compound Annual Growth Rate (CAGR) (2019-2023) of 10.4%<sup>1</sup>. Asia-Pacific (APAC) specifically, is set to contribute to more than half of this global eCommerce revenue.

With eCommerce, product and service assortment has expanded drastically. Consumers now have access to a global variety of products and services, without having to visit a single physical store.

In this white paper, we will take a closer look at how food and beverages as a category is changing as a result of eCommerce<sup>2</sup>. While there are immense opportunities in leveraging eCommerce as a channel for food and beverage players, this paper aims to explore and highlight existing challenges – especially with regards to food safety and quality – that remain and must be addressed to achieve long-term sustainable growth. To further maximise eCommerce as a growth channel for the food and beverage industry, we wrap up the paper with thought-starters on potential ways forward for businesses and regulators alike.

<sup>1</sup> Statista eCommerce Database (2019). Retrieved from: <https://www.statista.com/outlook/243/100/e-commerce/worldwide>

<sup>2</sup> In this white paper, the scope of food eCommerce covers online sales of both fresh and packaged food and beverages, and prepared meals.

## 01

# The APAC Food eCommerce Landscape

In APAC, sale revenues of food and beverages through eCommerce is estimated to hit a total of USD 143 billion by 2023. As a region, we are well-poised to contribute to more than half of global food & beverage revenues sold through eCommerce.

The COVID-19 pandemic will further accelerate adoption of eCommerce as a channel for the sales of food and beverages. As more markets have gone into lockdown and consumers are forced to stay at home, they are becoming increasingly familiar with online delivery services for both meals and groceries. Post COVID-19, online purchase behaviour is expected to sustain.

“

*Each country has its own eCommerce journey, and we should not be duplicating growth strategies across markets. Locally led is key because it takes local developments and nuances into account.* ”

– expert interview with Gurmukh Singh Chhabra (2019),  
Mondelēz International

Food eCommerce	Total revenue by 2023	Expected CAGR (2019-2023) <sup>3,4</sup>
Global	USD 254 billion	10.1%
APAC	USD 143 billion	10.8%

**Table 1: Estimated food category revenue generated from eCommerce by 2023 (in USD million)<sup>5</sup>**

Market	Estimated food category revenue generated from eCommerce by 2023 (in USD million)
China (Mainland)	94,838
India	13,717
South Korea	12,155
Japan	6,409
Indonesia	5,026
Australia	4,811
Singapore	1,358
Hong Kong	1,035
Thailand	961
Vietnam	866
Malaysia	845
New Zealand	794
Philippines	512
<b>APAC</b>	<b>143,325</b>

<sup>3</sup> Statista eCommerce Food and Beverages Database (2019). Retrieved from: <https://www.statista.com/outlook/253/100/food-beverages/worldwide>

<sup>4</sup> Statista eCommerce Online Food Delivery Database (2019). Retrieved from: <https://www.statista.com/outlook/374/100/online-fooddelivery/worldwide>

<sup>5</sup> Estimated food category revenue generated from eCommerce by 2023 (in USD million) (2019). Retrieved from: Kantar Analysis, Statistica

However, it is important to note that the maturity of the eCommerce landscape for food and beverages is not evenly spread across APAC. From the 13 APAC markets examined in Table 1, it is clear that not all markets are equal, and this understanding is crucial for businesses looking to grow their food eCommerce business in the region.

Understanding the differences in eCommerce maturity – primarily in market size, level of infrastructure development, consumer openness, and regulatory environment – is crucial for businesses looking to usefully leverage eCommerce for growth. Among these key determinants of eCommerce maturity, the next section will focus most on providing clarity on the regulatory variances across APAC.



## The APAC Regulatory Approach

As eCommerce is a relatively new channel for the sale of food and beverages, there is no uniform regulatory standard. With markets becoming more connected and consumers having greater access to a wider range of products and sellers, managing food safety and quality at scale across multiple countries is a growing challenge.

APAC has been hit by several food scandals – from melamine in milk powder that caused global outrage more than a decade ago, to the rockmelon listeria outbreak in 2018<sup>6</sup>. While there has not yet been a major scandal relating to the sales of food and beverages through eCommerce as a unique channel, it is of utmost importance that all players continue to stay ahead in ensuring consumer wellbeing.

To date, China, India, and Indonesia are the only countries in the region with regulations in place specifically for food products sold through eCommerce, whereby online sellers in these countries need to comply with the requirements for food sold through online channels in addition to those stipulated in the food regulations for conventional brick-and-mortar food businesses. Compared to China and India, the newly published regulation in Indonesia is only applied to processed food products, excluding prepared meals, and foods intended to be used for further processing.

In countries without eCommerce regulations specific to food and beverages, the general eCommerce regulations are written such that online businesses adhere to relevant brick-and-mortar regulations to ensure product and business compliance. However, limited information is available on the practices to adhere to that are unique to online food sales. Examples of practices unique to online food sales include the mandatory information to be displayed at the point of purchase on online platform, the standards adopted for cross-border eCommerce sale, as well as the roles and responsibilities of sellers, platform providers and delivery services.

<sup>6</sup> Australians told to throw out rockmelon after two deaths in listeria outbreak (2018). Retrieved from: <https://www.theguardian.com/australia-news/2018/mar/01/australians-told-to-throw-out-rockmelon-after-two-deaths-in-listeria-outbreak>

Table 2: Regulatory landscape of eCommerce in APAC

No	Markets	Laws and Regulations that are Related to eCommerce		
		General eCommerce	Consumer Protection	Food eCommerce
1	Australia	<ul style="list-style-type: none"> <li>Electronic Transaction Act 1999<sup>7</sup></li> </ul>	<ul style="list-style-type: none"> <li>The Australian Consumer Law<sup>8</sup></li> </ul>	
2	China	<ul style="list-style-type: none"> <li>eCommerce Law of the People's Republic of China<sup>9</sup></li> <li>GACC Notice No. 194 of 2018<sup>10</sup></li> <li>Notice (No. 486) on the Improvement of CBEC Import Supervision<sup>11</sup></li> </ul>	<ul style="list-style-type: none"> <li>Law of the People's Republic of China on the Protection of Consumer Rights and Interests (First Law (1993); Revised (2013))<sup>12</sup></li> </ul>	<ul style="list-style-type: none"> <li>Measures for Investigation and Punishment of Illegal Conducts Regarding Online Food Safety<sup>13</sup></li> <li>Measures for Supervision on Food Safety of Online Catering Service<sup>14</sup></li> </ul>
3	Hong Kong	<ul style="list-style-type: none"> <li>Cap. 553 Electronic Transactions Ordinance<sup>15</sup></li> </ul>	<ul style="list-style-type: none"> <li>Cap. 26 Sale of Goods Ordinance<sup>16</sup></li> <li>Cap. 458 Unconscionable Contracts Ordinance<sup>17</sup></li> </ul>	<ul style="list-style-type: none"> <li>Website of Centre for Food Safety states the requirements for traders to comply with the existing food regulations and requirements<sup>18</sup></li> </ul>
4	India	<ul style="list-style-type: none"> <li>Information Technology Act 2000<sup>19</sup></li> </ul>	<ul style="list-style-type: none"> <li>Consumer Protection Act 2019<sup>20</sup></li> </ul>	<ul style="list-style-type: none"> <li>Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation<sup>21</sup></li> </ul>
5	Indonesia	<ul style="list-style-type: none"> <li>Government Regulation No. 80 of 2019 on Trading Through Electronic Systems (GR 80, 2019)<sup>22</sup></li> </ul>	<ul style="list-style-type: none"> <li>Law No. 8 of 1999 on Consumer Protection<sup>23</sup></li> </ul>	<ul style="list-style-type: none"> <li>Regulation on the Control of Online Sale of Drug and Food<sup>24</sup></li> </ul>

7 Electronic Transaction Act (1999). Retrieved from: <https://www.legislation.gov.au/Details/C2011C00445>

8 The Australian Consumer Law. Retrieved from: <https://consumerlaw.gov.au/australian-consumer-law/legislation>

9 eCommerce Law (2019). Retrieved from: [http://www.mofcom.gov.cn/article/zt\\_dzswf/deptReport/201811/20181102808398.shtml](http://www.mofcom.gov.cn/article/zt_dzswf/deptReport/201811/20181102808398.shtml)

10 GACC Notice No. 194 of 2018 (2018). Retrieved from: <http://www.customs.gov.cn/customs/302249/302266/302269/2140731/index.html?from=timeline&isappinstalled=0>

11 Notice (No. 486) on the Improvement of CBEC Import Supervision (2018). Retrieved from <http://www.mofcom.gov.cn/article/b/fwzl/201811/20181102812004.shtml>

12 Law of the People's Republic of China on the Protection of Consumer Rights and Interests (First Law (1993); Revised (2013)). Retrieved from: <http://www.ccm.gov.cn/zgwhscw/fal/201804/15e357969ae94e76922533a973059ca8.shtml>

13 Measures for Investigation and Punishment of Illegal Conducts Regarding Online Food Safety (2016). Retrieved from: <http://www.waizi.org.cn/law/11855.html>

14 Measures for Supervision on Food Safety of Online Catering Service. Retrieved from [http://www.gov.cn/gongbao/content/2018/content\\_5268787.htm](http://www.gov.cn/gongbao/content/2018/content_5268787.htm)

15 Cap. 553 Electronic Transactions Ordinance (2017). Retrieved from : [https://www.elegislation.gov.hk/hk/cap553en?xpid=ID\\_1438403431948\\_001](https://www.elegislation.gov.hk/hk/cap553en?xpid=ID_1438403431948_001)

16 Cap. 26 Sale of Goods Ordinance (2018). Retrieved from: <https://www.elegislation.gov.hk/hk/cap26>

17 Cap. 458 Unconscionable Contracts Ordinance (1997). Retrieved from: <https://www.elegislation.gov.hk/hk/cap458!en@1997-07-01T00:00:00>

18 Online Sale of Food (2017). Retrieved from: [https://www.cfs.gov.hk/english/whatsnew/whatsnew\\_fst/whatsnew\\_fst\\_Online\\_sale\\_of\\_food.html](https://www.cfs.gov.hk/english/whatsnew/whatsnew_fst/whatsnew_fst_Online_sale_of_food.html); Food labelling : [https://www.cfs.gov.hk/english/food\\_leg/food\\_leg\\_cl.html#R4A](https://www.cfs.gov.hk/english/food_leg/food_leg_cl.html#R4A)

19 Information Technology Act (2000). Retrieved from: <https://meity.gov.in/content/information-technology-act-2000>

20 Consumer Protection Act (2019). Retrieved from: <http://egazette.nic.in/WriteReadData/2019/210422.pdf>

21 Food Safety and Standards (Licensing and Registration of Food Businesses) Amendment Regulation (2019). Retrieved from: [https://fssai.gov.in/upload/advisories/2019/08/5d678f-01cbfd4Direction\\_Operationalization\\_FSS\\_Licensing\\_Registration\\_29\\_08\\_2019.pdf](https://fssai.gov.in/upload/advisories/2019/08/5d678f-01cbfd4Direction_Operationalization_FSS_Licensing_Registration_29_08_2019.pdf)

22 Government Regulation No. 80 of 2019 on Trading Through Electronic Systems, GR 80 (2019). Retrieved from: <https://jdih.setneg.go.id/viewpdfperaturan/P18728/PP%20Nomor%2080%20Tahun%202019>

23 Law No. 8 of 1999 on Consumer Protection (1999). Retrieved from: <https://www.hukumonline.com/pusatdata/viewfile/lt4c43f63962e55/parent/447>

24 Regulation on the Control of Online Sale of Drug and Food (2020). Retrieved from: <https://jdih.pom.go.id/showpdf.php?u=1hX0mGyVCnrG0kL8atffe6KMjprcOnj5A6KXG8qHG-9c%3D>

Table 2: Regulatory landscape of eCommerce in APAC (continued)

No	Markets	Laws and Regulations that are Related to eCommerce		
		General eCommerce	Consumer Protection	Food eCommerce
6	Japan	<ul style="list-style-type: none"> <li>Act of Specified Commercial Transaction (First Act (1976); Revised (2012; 2016))<sup>25</sup></li> <li>Guidelines for Electronic Commerce and Information Property Transactions<sup>26</sup></li> </ul>	<ul style="list-style-type: none"> <li>Consumer Contract Act (Act No. 61 of 2000)<sup>27</sup></li> </ul>	
7	Malaysia	<ul style="list-style-type: none"> <li>Electronic Commerce Act 2006<sup>28</sup></li> </ul>	<ul style="list-style-type: none"> <li>Consumer Protection (Electronic Trade Transactions) Regulations 2012<sup>29</sup></li> </ul>	
8	New Zealand	<ul style="list-style-type: none"> <li>Fair Trading Act 1986<sup>30,31</sup></li> </ul>	<ul style="list-style-type: none"> <li>Consumer Guarantees Act 1993<sup>32,33</sup></li> </ul>	
9	Philippines	<ul style="list-style-type: none"> <li>Electronic Commerce Act of 2000<sup>34</sup></li> </ul>	<ul style="list-style-type: none"> <li>Consumer Act of the Philippines (R.A. 7394) through electronic means under the E-Commerce Act (R.A. 8792)<sup>35</sup></li> </ul>	
10	Singapore	<ul style="list-style-type: none"> <li>Electronic Transactions Act (Cap. 88)<sup>36</sup></li> </ul>	<ul style="list-style-type: none"> <li>"Lemon Law" (Part III) under Consumer Protection (Fair Trading) Act 2009<sup>37</sup></li> </ul>	
11	South Korea	<ul style="list-style-type: none"> <li>Notice on Provision of Information on Products such as Electronic Commerce<sup>38</sup></li> </ul>	<ul style="list-style-type: none"> <li>Act on Consumer Protection in Electronic Commerce<sup>39</sup></li> </ul>	
12	Thailand	<ul style="list-style-type: none"> <li>Electronic Transaction Act, B.E. 2544 (2001)<sup>40</sup></li> </ul>	<ul style="list-style-type: none"> <li>Consumer Protection Act, B.E. 2522 (1979)<sup>41</sup></li> </ul>	
13	Vietnam	<ul style="list-style-type: none"> <li>Decree No. 52/2013/ND-CP on eCommerce<sup>42</sup></li> </ul>	<ul style="list-style-type: none"> <li>Law on Protection of Consumer Rights No. 59/2010/QH12<sup>43</sup></li> </ul>	

25 Act of the Specified Commercial Transaction (2016). Retrieved from: [https://www.caa.go.jp/policies/policy/consumer\\_transaction/amendment/2016/#amend\\_28](https://www.caa.go.jp/policies/policy/consumer_transaction/amendment/2016/#amend_28)

26 Guidelines for Electronic Commerce and Information Property Transactions (2018). Retrieved from: [https://www.meti.go.jp/policy/it\\_policy/ec/180801.pdf](https://www.meti.go.jp/policy/it_policy/ec/180801.pdf)

27 Consumer Contract Act (Act No. 61 of 2000) (2000). Retrieved from: <http://www.cas.go.jp/jp/seisaku/hourei/data/CCA.pdf>

28 Electronic Commerce Act 2006 (2012). Retrieved from: <http://www.agc.gov.my/agcportal/uploads/files/Publications/LOM/EN/Act%20658.pdf>

29 Consumer Protection (Electronic Trade Transactions) Regulations 2012 (2013). Retrieved from: [http://www.federalgazette.agc.gov.my/outputp/pua\\_20121221\\_P.U.%20\(A\)%20458%20-%20Peraturan-Peraturan%20Pelindungan%20Pengguna%20\(Urus%20Niaga%20Perdagangan%20Elektronik\)%202012.pdf](http://www.federalgazette.agc.gov.my/outputp/pua_20121221_P.U.%20(A)%20458%20-%20Peraturan-Peraturan%20Pelindungan%20Pengguna%20(Urus%20Niaga%20Perdagangan%20Elektronik)%202012.pdf)

30 Fact Sheet of The Fair Trading Act: Buying and selling online (2018). Retrieved from: [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0016/60514/Buying-and-selling-online-Fact-sheet-July-2018.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0016/60514/Buying-and-selling-online-Fact-sheet-July-2018.pdf)

31 Fair Trading Act 1986 (2017). Retrieved from: <http://www.legislation.govt.nz/act/public/1986/0121/64.0/whole.html#DLM96444>

32 Obligations under the Consumer Guarantees Act (2012). Retrieved from: <https://www.consumerprotection.govt.nz/guidance-for-businesses/complying-with-consumer-laws/obligations-under-the-consumer-guarantees-act/>

33 Consumer Guarantees Act 1993 (2019). Retrieved from: <http://www.legislation.govt.nz/act/public/1993/0091/latest/DLM311053.html>

34 Electronic Commerce Act of 2000. Retrieved from: <http://www.bsp.gov.ph/downloads/laws/RA8792.pdf>

35 Rules and regulations for consumer protection in a transaction covered by the Consumer Act of the Philippines (R.A. 7394) through electronic means under the E-Commerce Act (R.A. 8792) (2008). Retrieved from <https://www.wipo.int/edocs/lexdocs/laws/en/ph/ph157en.pdf>

36 Electronic Transactions Act (Cap. 88). Retrieved from: <https://www.imda.gov.sg/regulations-and-licensing-listing/electronic-transactions-act-and-regulations>

37 Consumer Protection (Fair Trading) Act 2009 (2009). Retrieved from: <https://sso.agc.gov.sg/Act/CPFTA2003#P1III->

38 Notice on Provision of Information on Products such as Electronic Commerce (2016). Retrieved from: <http://tiny.cc/k0n8kz>

39 Act on Consumer Protection in Electronic Commerce (2018). Retrieved from: <http://tiny.cc/t3n8kz>

40 Electronic Transaction Act, B.E. 2544 (2001). Retrieved from: [https://www.bot.or.th/English/PaymentSystems/OversightOfE-money/RelatedLaw/Documents/et\\_act\\_2544\\_Eng.pdf](https://www.bot.or.th/English/PaymentSystems/OversightOfE-money/RelatedLaw/Documents/et_act_2544_Eng.pdf)

41 Consumer Protection Act, B.E. 2522 (1979). Retrieved from: [https://aseanconsumer.org/file/pdf\\_file/The%20Consumer%20Protection%20Act%201979.pdf](https://aseanconsumer.org/file/pdf_file/The%20Consumer%20Protection%20Act%201979.pdf)

42 Decree No. 52/2013/ND-CP on eCommerce. Retrieved from : <http://vbappl.mpi.gov.vn/en-us/Pages/default.aspx?itemId=25f433d0-fdb7-46bc-a45d-baf88c205d74&list=documentDetail>

43 Law on Protection of Consumer Rights No. 59/2010/QH12 (2010). Retrieved from: [https://aseanconsumer.org/file/pdf\\_file/Vietnam%20Legislation%20-%20Law%20on%20Protection%20of%20Consumer%20\(english\).pdf](https://aseanconsumer.org/file/pdf_file/Vietnam%20Legislation%20-%20Law%20on%20Protection%20of%20Consumer%20(english).pdf)

## CASE STUDY

# Food eCommerce-related Laws and Regulations in China

In China, the government authorities have promulgated laws and regulations to govern different food-related concerns under various modes of food eCommerce, including online food products, online catering service, and cross-border eCommerce.

## Regulations that govern food eCommerce

- eCommerce Law of People's Republic of China <sup>44</sup>
- Measures for Investigation and Punishment of Illegal Conducts Regarding Online Food Safety <sup>45</sup>
- Measures for Supervision on Food Safety of Online Catering Service <sup>46</sup>
- Food Safety Law of the People's Republic of China <sup>47</sup>
- Regulation on the Implementation of the Food Safety Law <sup>48</sup>
- GACC Notice No. 194 of 2018 <sup>49</sup>, CBEC Retail Import List (2018) <sup>50</sup>, Notice No. 486 on the Improvement of CBEC Import Supervision <sup>51</sup>



The regulatory approach in China is tailor-made to different modes of food eCommerce. The key elements in the abovementioned regulations that are related to food safety and quality are stipulated as follows:

### Responsibilities of online sellers

Online sellers shall ensure product compliance with relevant laws and regulations, display of business license, no misleading information and false claims are used.

### Responsibilities of platform providers

The third-party eCommerce platform providers share the responsibility in the sale of safe food. They shall be responsible in the verification of online seller's business information, and retention of trading records.

### Liability framework

While consumer complaint will be directed to online sellers, platform providers are also required to provide information related to online sellers when such situations arise. In the event that the platform provider fails to produce the online seller's information, the liability related to consumer's complaint is to be borne by the platform provider.

<sup>44</sup> eCommerce Law of People's Republic of China (2019). Retrieved from: [http://www.mofcom.gov.cn/article/zl\\_dzswf/deptReport/201811/20181102808398.shtml](http://www.mofcom.gov.cn/article/zl_dzswf/deptReport/201811/20181102808398.shtml)

<sup>45</sup> Measures for Investigation and Punishment of Illegal Conducts Regarding Online Food Safety (2016). Retrieved from: <http://www.waizi.org.cn/law/11855.html>

<sup>46</sup> Measures for Supervision on Food Safety of Online Catering Service. Retrieved from [http://www.gov.cn/gongbao/content/2018/content\\_5268787.htm](http://www.gov.cn/gongbao/content/2018/content_5268787.htm)

<sup>47</sup> Food Safety Law of the People's Republic of China. Retrieved from [http://gkml.samr.gov.cn/nsjg/tssps/201905/t20190506\\_293407.html](http://gkml.samr.gov.cn/nsjg/tssps/201905/t20190506_293407.html)

<sup>48</sup> Regulation on the Implementation of the Food Safety Law. Retrieved from: [http://www.gov.cn/zhengce/content/2019-10/31/content\\_5447142.htm](http://www.gov.cn/zhengce/content/2019-10/31/content_5447142.htm)

<sup>49</sup> GACC Notice No. 194 of 2018. (2018). Retrieved from: <http://www.customs.gov.cn/customs/302249/302266/302269/2140731/index.html?from=timeline&isappinstalled=0>

<sup>50</sup> CBEC retail import list (2018). Retrieved from: [http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201811/t20181129\\_3079063.html](http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201811/t20181129_3079063.html)

<sup>51</sup> Notice (No. 486) on the Improvement of CBEC Import Supervision (2018). Retrieved from <http://www.mofcom.gov.cn/article/b/fwz/201811/20181102812004.shtml>

In China, in addition to the market potential, national policies and regulations play significant roles to promise food safety, as well as influence the development of eCommerce in the country. This has resulted in a distinctive eCommerce framework in China as compared to the other markets in the region, in particular the following three areas:

#### **Online catering service**

Online catering service providers should own physical stores and obtain food business licenses which comply with the relevant laws and regulations before starting their business. This requirement restricts home cooks from offering their services.

#### **Cross-border eCommerce (CBEC)**

For products sold through CBEC, a separate set of regulations is in place that accepts products with standards and labelling that could be potentially different from China's standards or requirements. Products entering China through CBEC are exempted from compliance verification checks, they do not need to carry labelling in Chinese, provided that the label information is available in Chinese at the point of purchase. The variation is disclosed to consumers at the point of purchase to ensure that consumers can make an informed decision. This measure has been taken to facilitate sale to individual consumers. In order to ensure the credibility and safety of products, there is a defined list of products established by the authority.

#### **Mandatory traceability mechanism for CBEC**

Requirements on traceability are stipulated in the Food Safety Law of the People's Republic of China and Regulation on the Implementation of the Food Safety Law. Similar requirements are also extended to CBEC where CBEC businesses are required to establish a robust product traceability mechanism to ensure that products can be traced or recalled in the event of any food safety or quality concerns.

#### **QUESTION FOR CONSIDERATION:**

- With China's advancement in the space of food eCommerce, be it the regulatory approach or policies in place for different eCommerce models, including CBEC, can the practices in China be used as a reference for the other countries?



## CASE STUDY

# Food eCommerce-related Laws and Regulations in India

In 2019, the Food Safety and Standards Authority of India (FSSAI) published the Food Safety and Standards (Licensing and Registration of Food Business) Amendment Regulations on the licensing and registration of eCommerce food business operator<sup>52</sup>. (“Food eCommerce Regulations”).

Under the regulation, eCommerce FBOs refer to any food business operator that carries out any of the activities in Section 3(n)<sup>53</sup> of Food Safety & Standards Act, 2006, through the medium of eCommerce. eCommerce FBO includes:

- eCommerce entity which provides listing and platform services for eCommerce
- Sellers/brand owners/manufacturers, vendors, importers, processors, packagers or manufacturers who display or offer their food products for the sale through eCommerce
- Individual/Business which provides storage and/or distribution services for food eCommerce
- Individual/Business which provides transportation services or last mile deliveries to end consumers

The regulations have specified the requirements that shall be fulfilled with regards to eCommerce:

### Responsibilities of eCommerce FBOs

- To ensure food delivered to the consumer have a shelf life of at least 30% or 45 days at the time of delivery. Caterers or restaurants shall only deliver fresh food items to the consumer.
- To ensure no misleading information, false claims or misleading images of food product are displayed
- eCommerce FBOs/entities shall remove any food products which are not in compliance with the FSS Act, Rules and Regulations
- To provide mandatory food information specified under the Food Safety and Standards (FSS) Act, Rules and Regulations



### Responsibilities of seller/brand owner/manufacturer

- To display their license/registration obtained under the FSS Act and Regulations, and hygiene grading (if applicable) of FBO which is assigned by FSSAI
- To display the principal display panel of the pre-packaged food in a clear and legible manner (picture form), except batch number/lot number, best before, expiry date, date of manufacturing/packing and maximum sales retail price (MRP)
- To display an indicative image of the fresh produce

### Liability framework

- eCommerce FBOs shall sign an agreement with the food sellers/brand owners/manufacturers stating that the food sellers/brand owners/manufacturers are compliant with the FSS Act and Regulations. As such, the liabilities shall rest on these FBOs (sellers/brand owners/manufacturers).

In India, there are clear requirements for food products sold online. The mandatory product information displayed for both pre-packaged food and fresh produce are clearly specified. However, with the growth of CBEC, there is a lack of clarity on whether the abovementioned regulation will be sufficient to manage CBEC, given the varying languages and product standards when it comes to food products traded under CBEC.

<sup>52</sup> Food Safety and Standards (Licensing and Registration of Food Businesses) Amendment Regulation. (2019). Retrieved from: [https://fssai.gov.in/upload/advisories/2019/08/5d678f01cbfd4Direction\\_Operationalization\\_FSS\\_Licensing\\_Registration\\_29\\_08\\_2019.pdf](https://fssai.gov.in/upload/advisories/2019/08/5d678f01cbfd4Direction_Operationalization_FSS_Licensing_Registration_29_08_2019.pdf)

<sup>53</sup> Food business here refers to any undertaking, whether for profit or not and whether public or private, carrying out any of the activities related to any stage of manufacture, processing, packaging, storage, transportation, distribution of food, import and includes food services, catering services, sale of food or food ingredients; Retrieved from: [https://indiacode.nic.in/bitstream/123456789/7800/1/200634\\_food\\_safety\\_and\\_standards\\_act%2C\\_2006.pdf](https://indiacode.nic.in/bitstream/123456789/7800/1/200634_food_safety_and_standards_act%2C_2006.pdf)

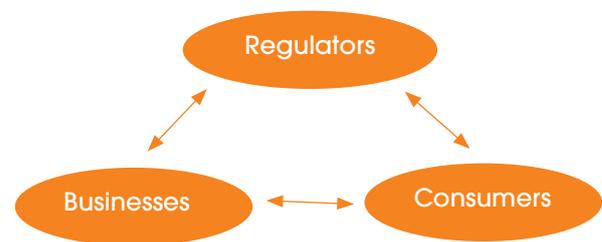
## 02

# Unlocking the Potential of Food eCommerce: what do we all want?

Consumers, businesses, and regulators are all on the same journey of embracing eCommerce in food and beverages but are motivated by different factors. To achieve sustainable growth requires a balance of interests of all stakeholders.

Fundamentally, there needs to be a balance between the level of commercial development and regulatory control in order to successfully maximise eCommerce as a channel for the sales of food and beverages. An over-regulated market environment faces the risk of stifling the growth of food and beverages businesses online due to complex regulations, while an under-regulated market environment poses a risk in food safety and quality, affecting consumers' rights and wellbeing.

This section begins with a brief overview of the different stakeholders and their corresponding needs and challenges, before going into the existing opportunities and tension points amongst the stakeholders along the eCommerce journey in Part III.



## Consumer Needs

Broadly, there are four key consumer needs: convenience, experience, trust and meaningfulness. These four needs underpin majority of purchase and consumption decisions made and need to be delivered at the right value. Value, in this case, refers

to the money, time and energy that consumers correspondingly expend.

Translating these core consumer needs into the purchase of food and beverages through eCommerce:



### Convenience

Easy access to a wide variety of food products and services, any time and to-the-doorstep



### Experience

Shopping experience online is positive and seamlessly integrated into consumer lifestyles through ease of search and order, payments and more



### Trust

Assurance that food is safe for consumption, genuine, consistent with product labels and images shown online. Taste and quality to be consistent with purchase of food through traditional offline channels



### Meaningfulness

Alignment of consumption and shopping decisions with personal beliefs e.g. growing sustainability concerns around eCommerce packaging waste

In addition to consumer needs, consumer shopping habits are also significantly impacted by emerging issues. The COVID-19 pandemic has resulted in soaring demand for food sold via online channels.

## CASE STUDY

### The rise of food and beverage sold through eCommerce during the COVID-19 pandemic

The fear of indefinite closures of everyday amenities has incited stockpiling of groceries and household goods. Shoppers from all over the world started panic buying groceries, resulting in empty shelves and temporary food shortages in retail grocery stores.

With lockdowns imposed and consumers looking to minimise public interaction, more are looking online to make their grocery purchases<sup>54</sup>. JD Fresh, the fresh food arm of Chinese eCommerce giant JD, reported a 215% growth in fresh food orders. MissFresh, another Chinese eCommerce grocery retailer, recognised its platform's orders quadrupled<sup>55</sup>.

In Singapore, RedMart saw extraordinary demand when the Singapore government changed its Disease Outbreak Response System Condition (DORSCON) level from Yellow to Orange (second highest level of severity). In that week, the orders made exceeded 300% of RedMart's weekly average<sup>56</sup>. This unusual pandemic situation effectively forced consumers of all ages to adapt and adopt eCommerce<sup>57</sup>.

While consumers overcome the eCommerce trial barrier and recognise the benefits of purchasing food and beverages online, a portion of consumers will revert to their offline purchasing habits post-COVID. However, as online purchasing habits are formed during the pandemic. It is expected that a considerable portion of consumers will adopt a hybrid online and offline mode of shopping moving forward.

<sup>54</sup> See for example, Singapore: Demand for online grocery and food delivery ticks higher in Singapore amid coronavirus outbreak (2020). Retrieved from: <https://www.cnbc.com/2020/02/28/coronavirus-singapore-online-shopping-and-delivery.html>

<sup>55</sup> Robust growth seen in online fresh food sales. Retrieved from: <http://epaper.chinadaily.com.cn/a/202002/19/WS5e4c91dfa310a2fabb7a2497.html>

<sup>56</sup> Delivery services see spike in business because of COVID-19 (2020) Retrieved from: <https://www.channelnewsasia.com/news/singapore/delivery-services-see-spike-in-business-coronavirus-covid-19-12443628>

<sup>57</sup> Sixth Tone: How COVID-19 sparked a silver tech revolution in China: <http://www.sixthtone.com/news/1005303/how-covid-19-sparked-a-silver-tech-revolution-in-china>

“

*We are constantly fascinated to see the market transformation that eCommerce brings in India and the huge possibilities that lie ahead with the advancement of logistics infrastructure and the rapid speed of change. As we see how consumers have opened up to online shopping, we also see how eCommerce is evolving to adapt to consumers' behaviours.*

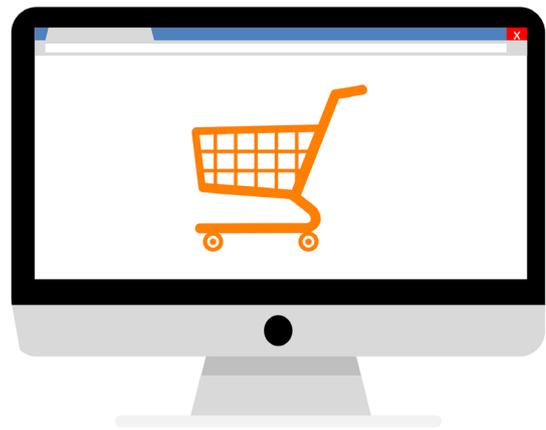
– expert interview with Piyush Patnaik (2019), Cargill India

”



## Business

To meet consumers' needs and drive commercial growth, businesses are constantly evolving and innovating in the way they reach, engage and sell. It is important for food and beverage players to understand that eCommerce is not a singular online channel. There are different types of eCommerce channels that have emerged and will continue to emerge. While business models might differ, the fundamental objective of businesses remain - to grow sales and revenue by better delivering against what the market demands.



### eCommerce Channels

#### Bricks-and-clicks:

Retailers with physical outlets who are increasingly trying to build their online presence

#### Pure-clicks:

Purely-online retailers

#### Pure Marketplace:

Retailers of marketplace offers a platform for businesses to present their offers to consumers and facilitates transactions between. Retailers do not own any inventories.

#### Direct-to-consumers:

Brands that sell products directly to consumers

#### Hybrid (Retail/Marketplace):

Platforms that provide both retail and marketplace models

#### Meal delivery providers:

Aggregator services that deliver freshly cooked food to consumers

#### Consumer to Consumer:

Consumer directly to Consumer

#### Social commerce players:

Consumers and small businesses selling to consumers using social platforms

### Examples

Cold Storage Online, Coles Online, NTUC Fairprice ON

Ocado, FreshDirect, Corner Store

LazMall by Lazada, Q0010, RedMart Specialty Stores, TMall by Alibaba

Signature Market, Soylent

Lazada, RedMart, Shopee

Grabfood, Deliveroo, FoodPanda

Ebay, Carousell, Airfrov

Facebook, Instagram, Whatsapp, WeChat



## Governments and Regulators

In such a dynamic environment where new forms of eCommerce continually emerge alongside rising consumer expectations, governments and regulators must constantly stay ahead to ensure that food quality and safety standards remain consistent for the benefit of all consumers. Consumer safety and protection remains a core objective for regulators.

According to a survey of Food Industry Asia (FIA) members, the top concerns regarding the sales of food and beverages through eCommerce are food safety (preventing contamination through the eCommerce supply chain), food quality (freshness and temperature assurance) and labelling.

Whilst it is possible for governments and regulators to enforce strict criteria around these issues, achieving them in a manner that does not stifle

market innovation and growth is an ongoing challenge. The fact that there are no common regulatory standards across markets as discussed in the previous section, further adds to this complexity.

### QUESTIONS FOR CONSIDERATION:

- How do we strike a balance in encouraging rapid market innovation and ensuring food safety and quality?
- How do we stay ahead with new business models that completely turn traditional route-to-market on its head?

Please rank the following in order of importance from 1 to 11 where 1 is the most important to your company and 11 is the least important to your company.

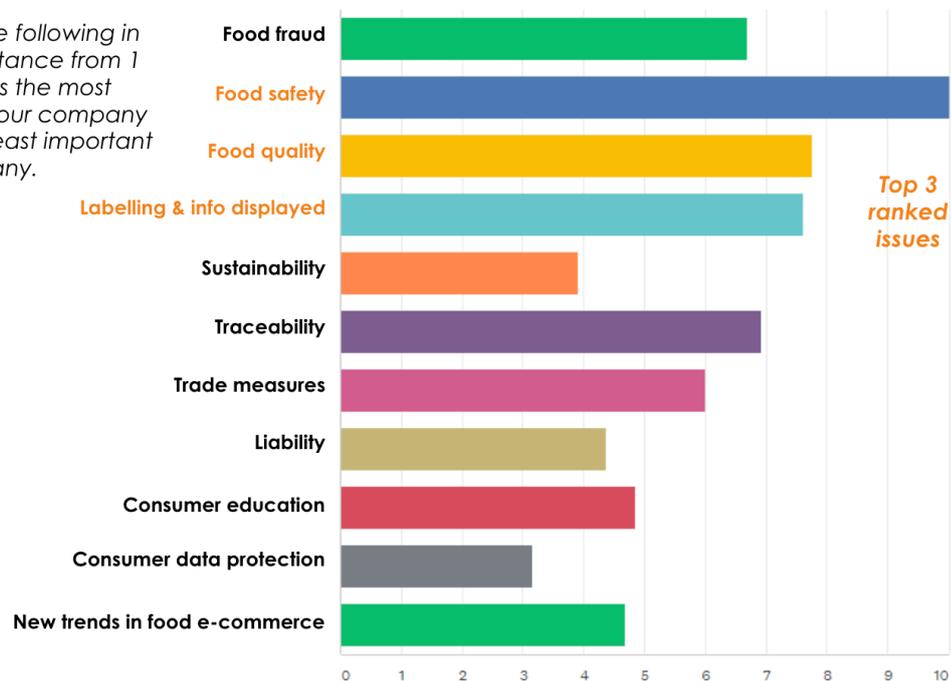


Figure 1: Food industry concerns in food eCommerce

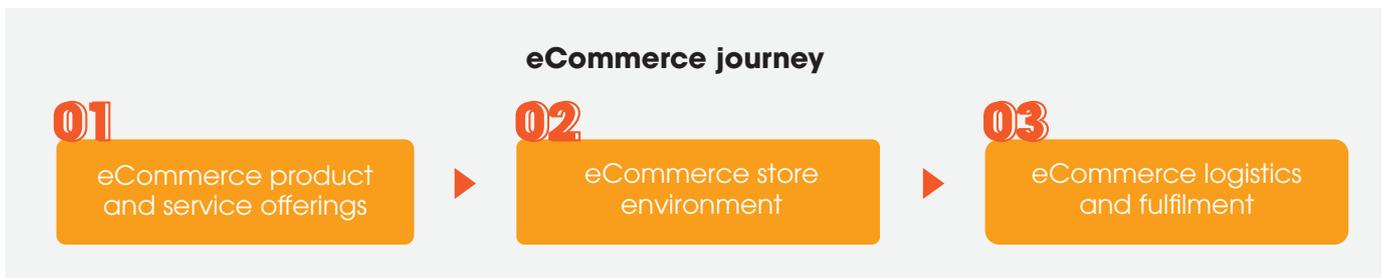
Source: FIA Survey with Members

## 03

## Along the Path to Sustainable Growth

In the race to achieving sustainable growth, challenges unique to the sales of food and beverages through eCommerce have emerged. Using a simplified eCommerce operational journey as a guide, this section will explore tensions

amongst stakeholders and potential areas for effective collaboration. Moving forward, these tension points need to be addressed in order to maximise eCommerce as a channel to its full potential.

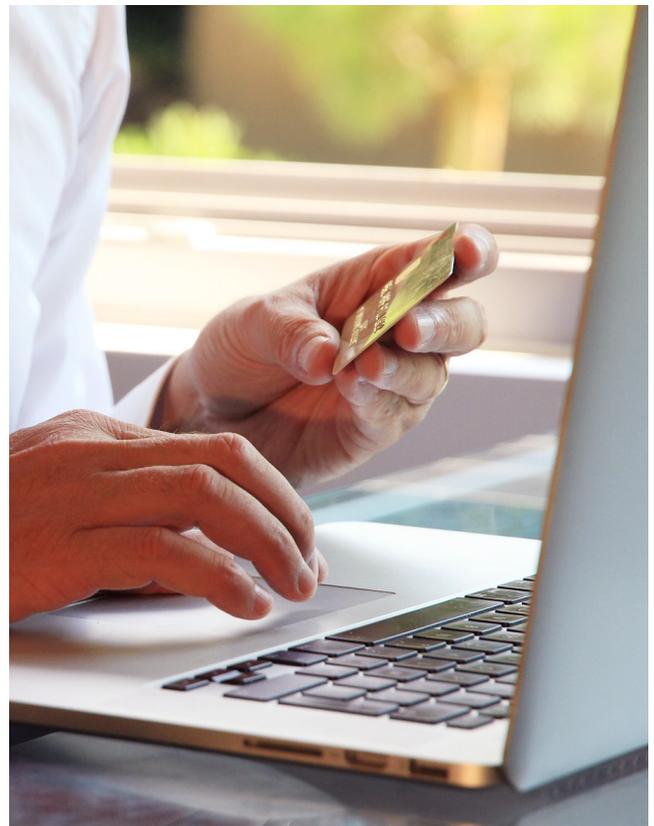


## eCommerce Product and Service Offerings

eCommerce as a channel drastically increases the number of product and service offerings that consumers have access to. We will touch on three different ways in which eCommerce has facilitated this: (1) eradicating geographical boundaries with cross-border eCommerce; (2) the emergence of marketplace platforms that connect buyers and smaller-scale sellers; (3) an explosion in the number of sellers through social commerce.

This expansion of product and service offerings has brought about greater convenience to consumers and opened new growth markets for businesses. However, the increasingly fragmented landscape across borders, size of businesses, and number of sellers make the regulation and enforcement of food safety and quality standards more difficult to manage.

**29% of consumers shop online because of the greater variety and selection that it offers** <sup>58</sup>.



<sup>58</sup> The truth about online consumers (2017). Retrieved from: <https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/01/the-truth-about-online-consumers.pdf>

## (I) Cross-border eCommerce (CBEC)

With the rise of CBEC, defined as international online trade where products purchased online are shipped across national borders, product and service offerings are no longer bounded by geographical constraints. With nearly 1 in 2 APAC consumers willing to shop cross-border<sup>59</sup>, it is now a global market for all.

It is estimated that revenue for CBEC in China will hit as high as USD 426 million by 2020<sup>60</sup>, with food as the most popular category<sup>61</sup>.

However, even as CBEC effectively gives rise to a single global marketplace, food regulatory standards remain siloed within geographic borders. eCommerce regulations, level of transparency and customs procedures vary significantly across the region. One example of this is the differing standards for halal certification.

Today, there are many halal certifications and approximately 66 different logos from various certifiers<sup>63</sup>. Some markets have developed their own halal standards, which may not be applicable and transferrable to another market. The differences in halal standards come at a cost to companies seeking to sell products cross-border as it adds complexity and confusion. Customers also face a longer waiting time before receiving their products from overseas, with delays at custom clearances. In response, Malaysia has taken the initiative to spearhead the movement to unify halal certification so that halal products are accepted worldwide<sup>64</sup>.

### QUESTIONS FOR CONSIDERATION:

- How do we manage the conflicting regulatory and food certification standards for food products offered via CBEC Business to Consumers (B2C)?
- How to facilitate CBEC Business to Consumers (B2C) import clearance?

## CASE STUDY



### Oravida's Fresh Milk<sup>62</sup>

New Zealand Fresh Milk airfreighted to China sells for USD 23 for a two-litre bottle. The milk leaves the factory on Monday mornings for Auckland International Airport and is available for sale in Shanghai on Tuesday – as quickly as in Wellington.

In addition, under the traditional cross-border trade practice, import and export activities are largely between businesses. Businesses follow the import requirements and procedures which are stipulated under the commercial import regulations, and subsequently, the imported goods are sold to the local customers. However, with the boom of eCommerce, there has been an upsurge in consumers' direct purchase of overseas products. This has led to an increase in small volume and multi-batch transactions that are handled at the border. To date, it is still unclear if the purchases made by consumers for personal use would have to go through a similar clearance process as commercial imports at the border.

<sup>59</sup> PayPal Cross-Border Consumer Research 2018 (2018). Retrieved from: [https://www.paypalobjects.com/digitalassets/c/website/marketing/global/shared/global/media-resources/documents/PayPal\\_Insights\\_2018\\_Global\\_Report.pdf](https://www.paypalobjects.com/digitalassets/c/website/marketing/global/shared/global/media-resources/documents/PayPal_Insights_2018_Global_Report.pdf)

<sup>60</sup> Cross-Border eCommerce: How Thai SMEs can win over Chinese hearts? (2019). Retrieved from: <https://www.thailand-business-news.com/tech/e-commerce/74586-cross-border-e-commerce-how-thai-smes-can-win-over-chinese-hearts.html>

<sup>61</sup> Netherlands Cross-Border eCommerce Guidebook (2019). Retrieved from: <https://www.rvo.nl/sites/default/files/2019/11/Cross-border%20E-commerce%20Guidebook%202019.pdf>

<sup>62</sup> China likes our milk at \$23 a bottle (2014). Retrieved from: [https://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=11219871](https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11219871)

<sup>63</sup> Superfood Asia, Why Halal Matters and How Not to Get Lost in the Jargon (n.d.). Retrieved from: <https://superfood-asia.com/2018/08/30/why-halal-matters-and-how-not-to-get-lost-in-the-jargon-jungle/>

<sup>64</sup> Today World, Malaysia to unify worldwide halal certs for Muslim countries (2019). Retrieved from: <https://www.todayonline.com/world/malaysia-unify-worldwide-halal-certs-muslim-countries>

## (II) Marketplace Model Platforms

In traditional retail business models conducted offline, sellers typically purchase products from suppliers, hold stocks, and sell to consumers thereafter. For businesses looking to shift online, there are two main options: (1) setting up and selling through an individual website, or (2) listing on an existing eCommerce marketplace platform.

### Business model 1



*eCommerce Platform Company 1 solely provides an online website to connect buyers and sellers. Company 1 does not hold stock at all and does not come into direct contact with the products and services sold, and merely facilitates transaction between two parties. An example of this is Shopee. Individual small-scale sellers can list on the platform, leveraging on a wider consumer base.*

### Business model 2



*eCommerce Platform Company 2 not only provides an online website to connect buyers and sellers. On top of facilitating independent transactions between buyers and sellers, Company 2 holds stock, purchasing from suppliers and holding it in a central warehouse. Company 2 might even come up with its own line of branded products and sell them on the same platform. An example of this is RedMart. Individual small-scale sellers can choose to list on the platform, or sell directly to eCommerce platform Company 2.*

The growth of new business models such as marketplace platforms, whilst encouraging an expansion of product and service assortment for consumers, also require corresponding regulations that are unique to the different models and size of companies. To illustrate, there are differing business models even within marketplace platforms:

While both eCommerce platforms might have a responsibility in ensuring the safety and quality of food products listed and sold to consumers, the extent of responsibility differs. Existing legislations are often written in a way that are intended for traditional retail models. However, with the growth of new business models that operate in a completely different way (e.g. not holding warehouse stock, importing individual items versus in bulk), existing legislations may not be fully fitting or applicable. Existing tensions arise amongst regulators and businesses as eCommerce regulations are unable to keep up with industry evolution.

The sheer number and differences in small-scale business models that can list on these platforms also further complicates the issue for regulators. With existing food safety and quality regulations that may be easier for larger corporations with dedicated legal teams to understand and assimilate, it is critical to ensure that small-scale businesses listing on marketplaces can do the same.

### QUESTIONS FOR CONSIDERATION:

- How should regulators keep track of the new business models that are emerging?
- To what extent should marketplace platforms be responsible for the large assortment of products that are transacted on their platform?
- What are the responsibilities of a marketplace platform provider in verifying the authenticity of individual sellers?

### (III) Social Commerce

With the growth of social media, there are more consumer-to-consumer (C2C) transactions happening in the food sector. Selling over social media platforms has lower barriers to entry, with little capital investment required from budding home entrepreneurs.

However, this also presents a new challenge for regulators in managing food safety and quality standards especially with an explosion in the number of individuals selling food and beverages online.

Social media platforms such as Facebook, Instagram and WhatsApp have recognised the potential in this space, introducing features such as Instagram Business and WhatsApp Business, where aspiring businesses can easily create a catalogue of products and services they are looking to sell.

On top of individual social media channels, specialised social commerce platforms have also emerged where consumers are mobilised and connected among themselves to match supply and demand.



#### QUESTIONS FOR CONSIDERATION:

- How can aspiring home entrepreneurs be made aware of roles and responsibilities during the preparation of food?
- How should regulations and processes be implemented to ensure that small-scale sellers comply to quality assurances but do not stifle their growth?

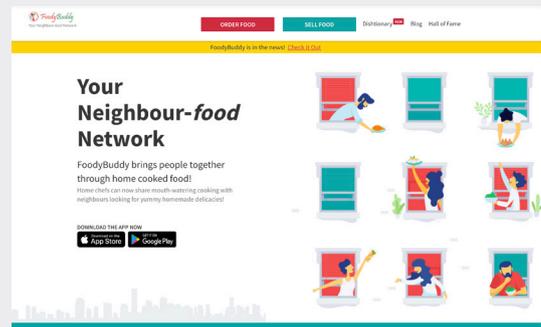
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*Social commerce is here to stay, even though we have yet to see its potential, but we will.*

– expert interview with Gurmukh Singh Chhabra (2019), Mondelēz International

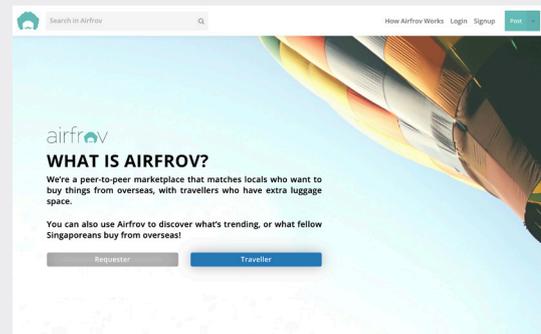
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## CASE STUDY



### Food Buddy <sup>65</sup>

Food Buddy connects home cooks in India with buyers, thus allowing them to create mini-businesses and earn recognition for an often-overlooked skill.



### Airfrov <sup>66</sup>

Airfrov links travellers with people in Singapore who wish to purchase a product from a specific country. This allows people to get products that cannot be found in Singapore.

<sup>65</sup> The Better India, Grandmas to Homemakers (2019). Retrieved from: <https://www.thebetterindia.com/184372/bengaluru-woman-start-up-foodybuddy-home-chef-earn-income-india/>

<sup>66</sup> Almost 100K Users In 1.5 Years - This P2P Marketplace Soars With Fresh \$700K Funding (2017). Retrieved from: <https://vulcanpost.com/614021/airfrov-singapore-new-funding/>

# eCommerce Store Environment

Shopping in traditional offline channels allows consumers to physically touch, feel and smell the food they are buying, which is an important way to assess the quality and freshness of food. Consumers are also able to communicate directly with sellers, building trust and driving engagement. This is especially the case in many APAC countries, where wet markets and small family-owned stores remain popular. Even as consumers move online, they continue to demand the same standards of trust and transparency.

However, to date, the digital channel is unable to allow consumers to physically touch, feel and smell food and beverages before making a purchase. With research showing that a significant percentage of consumers agree that they seek for trust and transparency, convincing consumers of the safety and quality of food and beverages sold through eCommerce is a crucial challenge for businesses to overcome.



“

*It is part of the Asian culture where consumers want to talk to sellers before purchasing their fresh produce.*

– expert interview with Ellen Rodgers (2019), Meat & Livestock Australia

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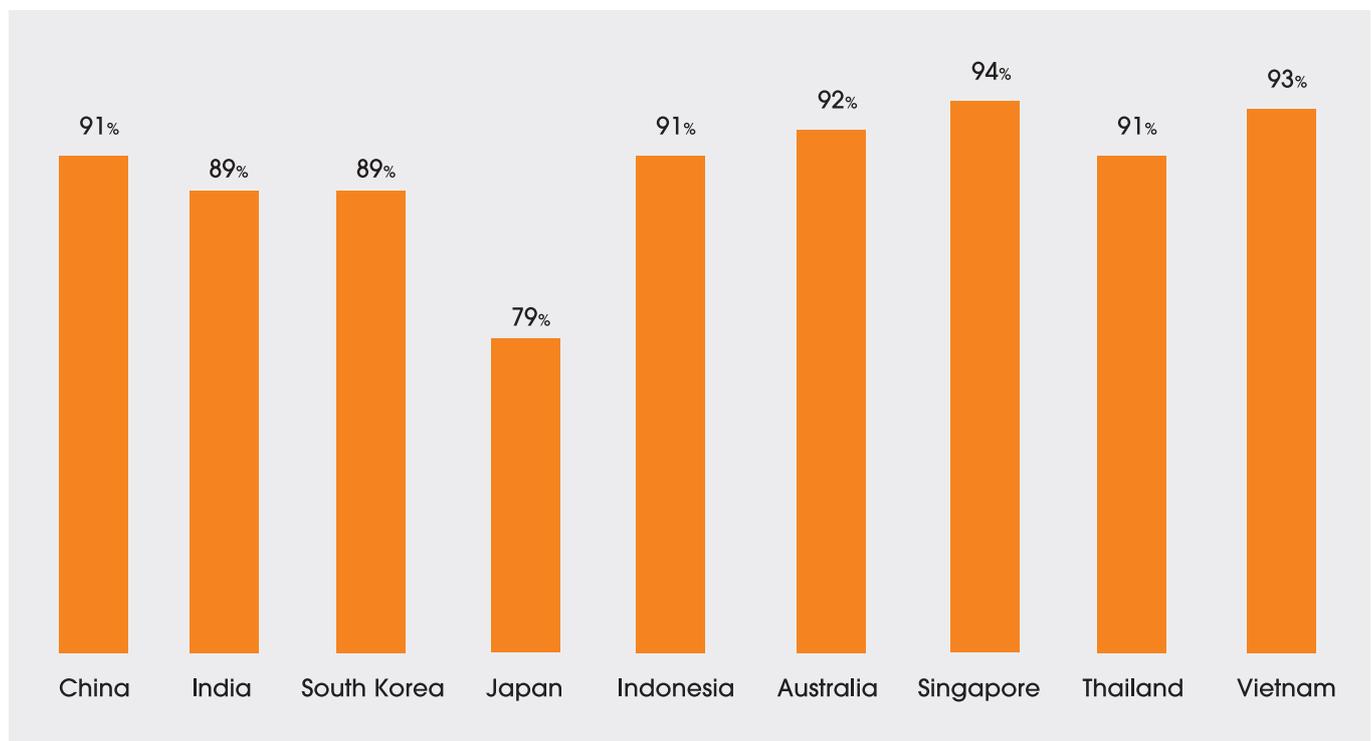


Figure 2: % consumers agree that they seek trust and transparency, including information and brands in their personal lives <sup>67</sup>

To get around this, many food and beverage players looking to leverage eCommerce as a channel are constantly on the lookout for new ways of reassuring consumers.

## CASE STUDY



### Eatsa <sup>68</sup>

Eatsa is a U.S. food technology company that is innovating around food delivery pick-ups. With smart shelves, restaurants are now alerted if food has been sitting for too long.



### DD Fishery Live <sup>69</sup>

Viewers are able to watch livestreams of sellers displaying the fish and contact the seller thereafter if they are interested in purchasing.

While these innovations are a positive step forward in building consumer trust, there is still significant inconsistency in the amount of product information that consumers can get in physical stores versus in an online store environment.

Across APAC, there are varying standards on what product information should be displayed online, and even how it is being displayed. Two different eCommerce sites often provide consumers with varying levels of information on the same product – whether on product expiry, nutritional value, product reviews, or safety certifications. Provision of images of actual products also differ, with some eCommerce sites uploading only front-of-pack information while others provide a complete 360-degree view of product packs. This contrasts with an offline store environment, where there are standardised labelling regulations and the option to read on-pack labels is part of the shopping experience and purchase decision.

Having said that, we have begun to see measures in markets to standardise the information that is displayed online. The European Union has standardised food eCommerce labelling whereas at the international level, Codex has started a new work in 2019<sup>70</sup> on the labelling of food sold through internet sales/eCommerce under the Codex Committee on Food Labelling.



- <sup>68</sup> Fast Company, The future of the \$13b food delivery industry rests on a better shelf (2019). Retrieved from: <https://www.fastcompany.com/90287861/the-future-of-the-13b-food-delivery-industry-rests-on-better-shelves>
- <sup>69</sup> Today Online, Fish auctions on Facebook Live (2019). Retrieved from: <https://www.todayonline.com/world/fish-auctions-fb-live-yes-its-thing-malaysia-and-thousands-are-hooked>
- <sup>70</sup> New standards and new work adopted at CAC42 (2019). Retrieved from: <http://www.fao.org/fao-who-codexalimentarius/news-and-events/news-details/en/c/1201334/>

## CASE STUDY

### Standardised Food eCommerce Labelling in the European Union (EU) <sup>71</sup>

EU Food Information Regulation (1169/2011)<sup>72</sup> on the provision of food information to consumers is currently in force and mandatory for all markets that fall under the EU. The regulation is further broken down

into pre-packed and non-prepacked food. The information that is usually found on a physical product label is also required to be made available to online consumers at the point of purchase.

### Technology to Support Business Compliance <sup>73</sup>

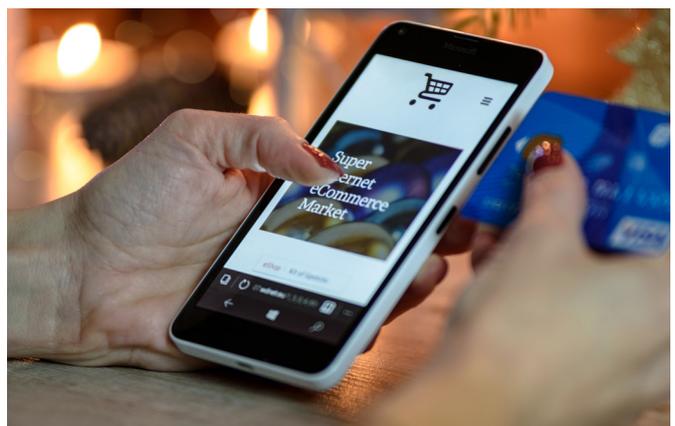


To comply with the EU requirements on food information display, online businesses have to ensure the availability of accurate and high-quality label data at the point of sale. In the market, solution providers offer the use of technology to meet demands from online businesses. For example, GS1 Italy, in collaboration with Brandbank,

has developed a digital brand content management web service (Immagino) that is targeted at creating, managing and distributing digital product information for retail industry. Immagino offers online consumers clear digital images of products and categorised information as shown on the product's label.

### QUESTIONS FOR CONSIDERATION:

- What type of product information should be provided at the point of purchase and point of delivery? E.g. dietary information, ingredients, weight
- How should information be displayed? E.g. through images of the product pack, alternative web links, web text
- With CBEC listings, what language should product information be displayed at the point of purchase, as well as point of delivery?



<sup>71</sup> Codex Committee on Food Labelling Discussion Paper on Internet Sales / eCommerce Labelling (2018) - EU submission. Retrieved from: [https://ec.europa.eu/food/sites/food/files/safety/docs/codex\\_ccfl\\_cl-2018-24\\_ann-01.pdf](https://ec.europa.eu/food/sites/food/files/safety/docs/codex_ccfl_cl-2018-24_ann-01.pdf)

<sup>72</sup> Regulation (EU) No 1169/2011 (2011). Retrieved from: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:304:0018:0063:EN:PDF>

<sup>73</sup> Case study- Images and data quality in less than 100 days (Immagino by GS1 Italy) (2015). Retrieved from: [https://www.gs1.org/sites/default/files/docs/casestudies/gsl\\_case\\_immagino\\_def2.pdf](https://www.gs1.org/sites/default/files/docs/casestudies/gsl_case_immagino_def2.pdf)

## eCommerce Logistics and Fulfilment

Consumer expectations around speed and delivery are continually on the rise. According to delivery solution provider Dropoff, in 2018, 64% of consumers wanted same-day delivery of groceries and 79% indicated that they would not purchase from a retailer again if damaged goods were delivered <sup>74</sup>. This is unsurprising given the competitive food and beverage landscape in the region, where consumers have easy access to round-the-clock food options (e.g. ready-to-eat food at convenience stores, 24/7 food centers).

In response, businesses are continuously seeking to optimise their fulfilment and distribution model to shorten delivery time, increase delivery accuracy and maintain product quality. An example of this is how Alibaba has utilised its Hema supermarkets as both a physical retail store as well as a distribution center for its online orders. With this, customers within a 3km radius can receive their online grocery orders within 30 minutes.

Another example would be the emergence of cloud kitchens <sup>75</sup>, where a single kitchen serves multiple restaurants. This allows logistics players to aggregate pick-ups. Unlike restaurants and eateries, cloud kitchens cook purely for delivery. This significantly reduces both operational cost and waiting time for delivery.

While more efficient logistics and fulfilment models have emerged, the different eCommerce business models and the varying nature of food products (e.g. packaged or chilled, frozen or fresh) further add to the challenge of controlling food safety and quality across the supply chain. To ensure cold chain integrity, innovative solutions have been introduced such that products that are temperature sensitive can be delivered within the permitted temperature range.

<sup>74</sup> Retail Touch Points, The Race is On (2018). Retrieved from: <https://retailtouchpoints.com/features/news-briefs/the-race-is-on-43-of-consumers-expect-much-faster-deliveries-in-2018>

<sup>75</sup> How cloud kitchens are high profit, low risk restaurant business ventures (n.d.). Retrieved from: <https://www.posist.com/restaurant-times/trending/cloud-kitchens-smarter-way-run-restaurant-business.html>

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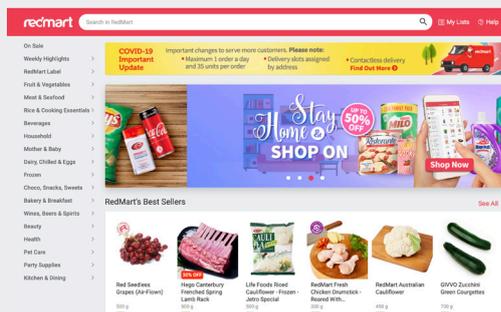
*Consumers who opt for delivery expect products to reach them increasingly fast, at the right quality, but also at a reasonable - or even free - delivery cost.*

- expert interview with Benjamin Koellmann (2019), Dairy Farm

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## CASE STUDY



### Redmart's Unbroken Cold Chain <sup>76</sup>

Online retailer grocer Redmart relies on delivery totes with re-usable insulation and industry-grade ice plates to deliver fresh and frozen products, instead of relying on the traditional refrigerated delivery trucks.

It is still unclear who should take the lead in ensuring the integrity of the supply chain – regulators, manufacturers, retailers or logistic players. Whilst individual companies are leading the drive towards greater transparency and traceability across the supply chain for all stakeholders, accountability in the unfortunate event of food contamination remains an issue to be resolved.

<sup>76</sup> 'Unbroken cold chain': How Redmart keeps food deliveries fresh without traditional cold chain... in the heat of Singapore. Retrieved from: <https://www.foodnavigator-asia.com/Article/2019/05/06/Unbroken-cold-chain-How-Redmart-keeps-food-deliveries-fresh-without-traditional-cold-chain-in-the-heat-of-Singapore>



#### QUESTIONS FOR CONSIDERATION:

- How can new technologies (e.g. in packaging) play a part in securing food safety as food products travel across longer distances to be delivered?
- How should we allocate risk and responsibility to ensure the food safety along the eCommerce supply chain, while taking into consideration varying fulfilment models?

“

*The increase in food eCommerce is leading to a more complex supply chain, with the need to avoid temperature breakdowns and ensuring that products are delivered within their temperature zones. This calls for robust cold chain logistics to safeguard food safety and quality, by utilising the right packaging solutions with best practices in transportation and temperature visibility.*

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– expert interview with Gerben Zwinkels (2019), Sealed Air

## 04

Final Thoughts and  
Ways Forward

Across the entire eCommerce journey, there are various challenges faced by the different stakeholders. All these challenges converge to an overarching need for regulators to keep pace of the rapid evolution of eCommerce as a channel for the sales of food and beverages.

As eCommerce opens up new possibilities for food and beverage businesses, it is clear that food safety remains the utmost goal that cuts through all sales

channels, no matter the route-to-market. Food safety concerns within and across borders need to be sufficiently addressed without neglecting the mentioned interests of different stakeholders, through fair and balanced control measures that are fitting for the online food business model. It should also give assurance and effectively communicate to end-consumers about the safety and quality of food and beverages purchased online.

## Industry Challenges:

**Key Challenge:** Speed of food eCommerce evolution is too fast for regulatory stakeholders to respond and keep track of

## Within market

Challenge to ensure all new online sellers are aware, understand and implement the necessary food safety and quality regulations

No clear requirements on product information displayed at point of sale or delivery

Unclear accountability across food eCommerce supply chain for food and beverages

## Between markets

Regulatory frameworks remain siloed within geographical borders despite global range of products.

Between markets

## Key Issues to be addressed by industry

## Food Safety and Quality

- How to ensure that all (new) online sellers are well aware of the food safety and quality requirements that are applicable to their business?
- How should marketplace platforms deal with the issue of counterfeit products sold by third-party sellers?
- What type of information do sellers need to provide in order to list on marketplace platforms?
- How to allocate risk and share of responsibility to various eCommerce players, given new business models and different methods of fulfilment?

## Food Labelling and Information

- What type of product information should be provided at point of purchase vs. at point of delivery? E.g. product expiry date, ingredients, weight
- How should information be displayed- through images of product pack, alternative weblinks, web text etc.?
- With cross-border eCommerce listings, what language should product information be at point of purchase vs. at point of delivery?
- With cross-border eCommerce listings, should the importing/exporting country's product certifications be listed? What happens if these certifications are not mutually recognised?

In view of the complexity of eCommerce, regulators and online sellers of food and beverages need to come together and work collaboratively to tackle these issues. Having examined the eCommerce landscape for food and beverage players and

highlighting existing tensions, the next section outlines three industry goals and thought-starters on the potential ways forward to drive sustainable long-term growth.

## Goal 1 Build regulatory system agility

How to secure the right level of flexibility and agility to ensure that regulatory frameworks are continuously capable of addressing characteristics of the rapidly evolving eCommerce channels?

### Potential ways forward

- Set up a cross-functional, cross-disciplinary taskforce across the food eCommerce sector, with representatives from the relevant regulatory bodies and eCommerce players
- Task force responsibilities to include:
  - » Early identification of new business models, and consequent alignment on implications to food safety and quality standards in order to safeguard product safety and support business innovation in food eCommerce
  - » Development of communication and training framework to ensure that all food eCommerce players and consumers are aware of their respective obligations

## Goal 2 Implement standardised regulations and control measures for the sales of food through eCommerce

How to create a standardised set of safety, quality and labelling guidelines for the sales of food through eCommerce in order to put in place an effective yet efficient system of checks and balances?

### Potential ways forward

- Identify the priorities on aligning/establishing regulatory measures for food eCommerce across the region
- Support the work of International Standard Body (Codex) by adopting the relevant guidelines (when established) and propose new work/area to address the broader aspect of eCommerce such as import / export requirement

## Goal 3 Achieve traceability and accountability throughout the food eCommerce supply chain

How to drive transparency and greater traceability throughout the food eCommerce supply chain in order to better share responsibilities and define liabilities across the various stakeholders involved?

### Potential ways forward

- Set clear liability framework that defines and allocates responsibilities across the eCommerce operational journey
- Leverage tried and tested systems which are interoperable among supply chain stakeholders, to ensure transparency throughout the supply chain
  - » Identification of the minimal viable level of data sharing that is required across the supply chain
- Leverage on packaging technologies specifically designed to secure and verify food quality throughout the eCommerce supply chain

## Appendix

During the development of the white paper, face-to-face and phone interviews were conducted with experts from industry, academia and a regulatory body to gather their inputs. Some of the quotes in this white paper were taken from the interview sessions. We would like to acknowledge the following individuals and organisations that participated in the interviews:

1. Cargill India, Piyush Patnaik, Managing Director for Food Business
2. Dairy Farm Group, Benjamin Koellmann, Director for eCommerce (Grocery) – Southeast Asia
3. Lazada, Christopher Y. Chan, General Counsel and Head of Government Affairs (SG)
4. Meat and Livestock Australia, Ellen Rogers, International Business Manager
5. Mondelēz International, Gurmukh Singh Chhabra, Senior Manager e-Commerce
6. Nestlé
7. NTUC Fairprice, Chong Nyet Chin, Food Safety and Quality Director
8. Perfetti Van Melle Asia Pacific, Abby Tan, Regional Food Regulatory Manager
9. Perfetti Van Melle Asia Pacific, Sabina Centurelli, Head of Group Regulatory Affairs
10. Renmin University of China, Dr Sun Juan Juan, Sam Walton chair research fellow of Center for Coordination and Innovation of Food Safety Governance
11. Sealed Air
12. Singapore Food Agency, Dr Tan Lee Kim, Director-General, Food Administration and Deputy Chief Executive Officer
13. The Corner Store, Ola Ramnebro, Director and General Manager

For further information, please contact the following representatives from Food Industry Asia (FIA) and Kantar:

**Jiang YiFan**

Head of Science & Regulatory Affairs  
Food Industry Asia (FIA)  
[yifan.jiang@foodindustry.asia](mailto:yifan.jiang@foodindustry.asia)

**David Heijkoop**

Senior Director  
e-Commerce & Omni-Channel Practice lead  
Kantar  
[David.Heijkoop@kantar.com](mailto:David.Heijkoop@kantar.com)

**Laura Tan**

Senior Consultant  
Kantar  
[Laura.Tan@kantar.com](mailto:Laura.Tan@kantar.com)

**Natalie Koh**

Consultant  
Kantar  
[Natalie.Koh@kantar.com](mailto:Natalie.Koh@kantar.com)



Food Industry Asia (FIA)

1 Scotts Road  
Shaw Centre #19-07/08  
Singapore 228208  
E: [info@foodindustry.asia](mailto:info@foodindustry.asia)  
T: +65 6235 3854  
[www.foodindustry.asia](http://www.foodindustry.asia)

**KANTAR**

Kantar

50 Scotts Road #02-01  
Singapore 228242  
T: +65 6597 7300  
[www.kantar.com](http://www.kantar.com)