Enterprise Singapore

MEDIA RELEASE

Enterprise Singapore Expands its Food Delivery Booster Package

Support for food and beverage (F&B) businesses utilising third party logistics partners for deliveries and up to 90% support for the development of digital capabilities and strategies

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Singapore, Thursday, 9 April 2020

1. On 4 April 2020, Enterprise Singapore (ESG) announced the [Food Delivery Booster Package](#) to support F&B businesses to diversify operations through food delivery. Under the first phase of the roll out, ESG is funding five percentage points[1] of the commission cost charged by three food delivery platforms – Deliveroo, foodpanda and GrabFood – for transactions made between 7 April and 4 May 2020. New entrants and existing F&B businesses on the platforms are eligible for the funding.

2. In phase two, the package will be expanded to:

   a. Support those that are fulfilling food delivery orders outside of Deliveroo, foodpanda and GrabFood, via third party logistics partners;

   b. Equip F&B businesses with the capabilities and tools to maximise food delivery receipts on the three food delivery platforms; and

   c. Help businesses transform their delivery models in the long term through building virtual brands[2] and developing an online to offline (O2O) strategy[3]. *(Refer to Annex A for an overview of the Food Delivery Booster Package.)*

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[1] For instance, if the current commission structure is 25% of total food delivery transaction value, the commission cost payable to the participating food delivery platforms will be reduced to 20%.

[2] Today, a company typically goes to market with a brand/concept in a brick-and-mortar outlet. This brand/concept is referred to as a Core Brand. A Virtual Brand is an online-only concept that is synergistic with the Core Brand. It offers an opportunity for the company to have incremental revenue streams by attracting new customer segments.

[3] An O2O strategy involves developing a holistic and data-driven understanding of their customers and using this effectively in their marketing and sales across all online or offline channels.

Support for F&B businesses leveraging third party logistics partners for deliveries

3. For F&B businesses which may not be on-board Deliveroo, foodpanda and GrabFood but are fulfilling food delivery orders through third party logistics partners, ESG will fund 20% of the delivery costs[4]. This will be valid for orders made between 7 April and 4 May 2020. Funding will be disbursed through eligible third party logistics partners[5], such as Lalamove and Zeek. Logistics players keen to come on-board can contact ESG at food_division@enterprisesg.gov.sg from now till 15 April 2020. Applications will be reviewed on a case-by-case basis.

4. F&B businesses must have a food shop or food stall license issued by the Singapore Food Agency (SFA), and sell food that is prepared on premise for immediate consumption[6] to be eligible for the delivery funding.

Equipping F&B businesses with capabilities to maximise food delivery receipts on Deliveroo, foodpanda and GrabFood

5. To assist F&B businesses in optimising their online presence and improving sales, ESG, together with Deliveroo, foodpanda and GrabFood, have worked out a capability development pack to cover three components:

  i.   **Capability building** to enhance the online performance of their menus, develop an appropriate pricing structure, understand and run promotions and bundle deals effectively.
  ii. **Marketing support** to leverage the platforms' assets such as carousel advertisements and online banners, as well as in-app marketing credits to promote products, run discounts and gain greater customer mindshare.
  iii. **Data/ insight sharing** to improve delivery performance and business models. Data collected can include financial (e.g. revenue generated) and operational performance (e.g. delivery fulfilment and efficiency rate).

6. These value-added services come on top of the current offering by the three food delivery platforms to F&B businesses, with the cost of each pack valued at more than S$1,500. F&B businesses can benefit from these additional services by paying

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[4] There is no cap on the qualifying food delivery cost.
[5] F&B businesses will pay the third party logistics partners 80% of the delivery costs.
[6] This excludes businesses solely retailing pre-packaged products, e.g. snacks and ice-cream.

a one-time fee of S$100; the rest of the cost will be borne by ESG and the three platform providers. Those interested can sign up with Deliveroo, foodpanda and GrabFood directly, between 13 April and 31 December 2020. The capability development pack will be applicable for a period of one year from the date of application, on a first-come-first-served limited basis. *(Refer to Annex B for more details.)*

Developing long term digital capabilities and strategies

7. To further help F&B businesses respond to the growing trend of online delivery and build digital capabilities for the long term, ESG will support up to 90% of eligible costs, including digital marketing and manpower costs[7], for the following two areas through the Enterprise Development Grant (EDG)[8]:

   a. **Creating a virtual brand:** The creation of a virtual brand can enable F&B businesses to pilot new concepts and gain additional revenue streams by attracting new customer segments, as well as optimise current capacities in manpower and operations (i.e. in the outlet, central kitchen and shared kitchens). Virtual brands can be created with lower capital expenditures and risks as compared to setting up a new brand through a brick-and-mortar format. *(Refer to Annex C for more details.)*

   b. **Developing an O2O strategy:** As the food delivery market continues to grow, F&B businesses can strengthen customer engagement across the various touchpoints through a sound O2O strategy. This can be done by collecting and analysing data on how customers interact with the brand online and offline, for instance through their own online delivery shopfront and existing systems such as Point-of-Sales. By doing so, businesses are able to make more informed decisions. *(Refer to Annex D for more details.)*

8. Said **Mr Ted Tan, Deputy Chief Executive Officer, Enterprise Singapore,** "In the past year, the industry has seen a strong demand in food deliveries, as a result of changing consumer preferences. Thus, it is increasingly important for F&B businesses to optimise their business models for online sales as well as to build new capabilities to navigate the digital space. Despite the challenges brought about

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[7] The additional manpower support can help the company put in place new processes during the initial months to ensure smooth operations and sustain online efforts in the long term.
[8] Under the enhanced Enterprise Development Grant, the support level has been raised from up to 70% to up to 80% for applications made till 31 December 2020. For firms more severely impacted by COVID-19, the maximum support level can be raised to 90%. This was announced during the Supplementary Budget 2020.

by COVID-19, businesses can take the opportunity to start building their online presence. We encourage more businesses to leverage the Food Delivery Booster Package to effectively tap the digital space for the long term."

9. Similar to the other initiatives under the SMEs Go Digital programme, the Food Delivery Booster Package helps F&B businesses strengthen their digital capabilities to thrive in the new digital era.

Annex A: Overview of Food Delivery Booster Package
Annex B: Summary of capability development packs offered by Deliveroo, foodpanda and GrabFood
Annex C: Description and case studies of virtual brands
Annex D: Description and case studies of O2O Strategies

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About Enterprise Singapore

Enterprise Singapore is the government agency championing enterprise development. We work with committed companies to build capabilities, innovate and internationalise.

We also support the growth of Singapore as a hub for global trading and startups, and build trust in Singapore's products and services through quality and standards.

Visit www.enterprisesg.gov.sg for more information.

Overview of Food Delivery Booster Package
Click here to download the below image.
Image credit: Enterprise Singapore

Overview of Food Delivery Booster Package

	Areas of support	Eligibility	How to apply?	Period of funding	Disbursement of funding
A.	Funding of five percentage points of commission cost charged	- F&B businesses that are on-board Deliveroo, foodpanda and GrabFood. These businesses must have a food shop or food stall license issued by the Singapore Food Agency (SFA), and sell food that is prepared on premise for immediate consumption.	Eligible F&B businesses will automatically benefit from lower commission cost if they are fulfilling delivery orders through these three delivery platforms.	7 April to 4 May 2020	Direct to F&B business through these three delivery platforms
B.	Capability development pack valued at more than S$1,500 each, covering: 1. Capability building 2. Marketing support 3. Data/ insight sharing	- F&B businesses that are on-board Deliveroo, foodpanda and GrabFood. These businesses must have a food shop or food stall license issued by the Singapore Food Agency (SFA), and sell food that is prepared on premise for immediate consumption. - F&B businesses must:	Interested F&B businesses can sign up with the platforms directly, between 13 April to 31 Dec 2020. **Fee:** S$100	Applicable for one year from date of application	

		• Be registered and operating in Singapore. • Have a minimum of 30% local shareholding. • Be in a financially viable position to start and complete the project.			
C.	Funding of 20% of delivery costs through third party logistics partners	- F&B businesses that are fulfilling food delivery orders outside of Deliveroo, foodpanda and GrabFood, via third party logistics partners. These businesses must have a food shop or food stall license issued by the Singapore Food Agency (SFA), and sell food that is prepared on premise for immediate consumption.	Eligible F&B businesses will automatically benefit from lower delivery cost if they fulfil their orders through approved third party logistics partners such as Lalamove and Zeek.	7 April to 4 May 2020	Direct to F&B businesses through eligible third party logistics partners
D.	Up to 90% funding through the Enterprise Development Grant (EDG) to develop: 1. Virtual brand 2. Online to offline (O2O) strategy	- F&B businesses need to • Be registered and operating in Singapore • Have a minimum of 30% local shareholding • Be in a financially viable position to start and complete the project	Apply on Business Grant Portal at http://www.businessgrants.gov.sg	9 April to 31 December 2020	EDG grant disbursement

Summary of capability development packs* offered by Deliveroo, foodpanda and GrabFood

Categories	Food delivery platforms		
	Deliveroo	**foodpanda**	**GrabFood**
	- Sign-up period: 13 April and 31 December 2020 on a first-come-first-served limited basis - Validity: Each capability development pack will extend support to businesses for a period of one year from the date of application		
Capability building	- Access online materials in the form of webinars (at least three training modules) and a marketing guide on launching a brand online - 1-on-1 consultation	- Access online materials in the form of training video or deck (at least 12 training modules)	- Access online materials in the form of webinars and training videos (at least six training modules)
Marketing support	- Credits to run in-app marketing and discounts	- Access to foodpanda's marketing channels (e.g. in-app Carousel, Electronic Direct Mailer (EDM) feature)	- Access to GrabFood's marketing channels (e.g. promo tagging, EDM feature, promo tagging, GrabFood-led campaign entitlements) - Credits to run in-app discounts

Data/insight sharing	- Monthly delivery performance report[#], which includes:
	  o Financial performance (e.g. week-on-week sales, completed orders)
		- Weekly delivery performance report[#], which includes:
		  o Financial performance (e.g. week-on-week sales, completed orders)
			- Monthly delivery performance report[#] which includes:
			  o Financial performance (e.g. week-on-week sales, completed orders)

	o Operational performance (e.g. average delivery and food preparation time) o Customer profile (e.g. total and new customers, rating, order frequency, top items)	o Operational performance (e.g. average delivery and food preparation time, fail rate) o Customer rating	o Order heat map (e.g. distribution of orders) o Top selling items (e.g. by sales, by quantity) o Customer profile (e.g. total and new customers)
On-boarding support	- On-boarding fee waived - Free product photography^	- First month commission waived[1] - On-boarding fee waived - Free product photography^ *[1]Applicable for new vendors with ≤2 outlets, and contracts signed from 9 April to 4 May 2020*	- Allow deferment of account activation fee, offset against commissions from subsequent food orders
Out-of-pocket cost incurred by F&B businesses	S$100 per outlet		
Sign-up link	New merchants: https://restaurants.deliveroo.com/en-sg Existing merchants: am@deliveroo.com.sg	For both new and existing merchants: https://www.pandapartners.sg/booster-package/	For both new and existing merchants: https://www.grab.com/sg/esgboosterpackage/

Notes:
*Information is accurate as at 9 April 2020.
#The stated areas in the performance report are in addition to what F&B businesses can currently access via the respective merchant portals with real-time transactional data.
^Also applicable to existing merchants

Description and case studies of Virtual Brands

Background

1. With the advent of the sharing economy and the proliferation of technology in our daily lives, consumers' spending habits are increasingly driven by their desire for convenience. Today, the main expression of this trend in the Food Services (FS) industry is reflected in the growth of on-demand food delivery. Online food delivery is expected to continue to grow globally at a CAGR of more than 20% from now untill 2025.

2. At the same time, operating costs for the traditional brick-and-mortar format continue to climb as a result of rising labour and rental costs. To achieve higher returns, it is important for companies to optimise their brick-and-mortar operations while tapping the opportunities of online sales.

3. One form of optimisation is for companies to leverage existing capacity to develop new Virtual Brands. Today, a company typically goes to market with a brand/concept in a brick-and-mortar outlet. This brand/concept is referred to as a Core Brand. A Virtual Brand is an online-only concept that is synergistic with the Core Brand. It offers an opportunity for the FS company to build incremental revenue streams by attracting new customer segments. This can be done with minimal increase in labour and rental costs. Virtual brands also represents lower risks involved compared to a setup of a new brand in a brick-and-mortar format.

4. A Virtual Brand has two main benefits to the company: a) optimise costs and b) diversifying or transforming the company's offering with a lower risk.

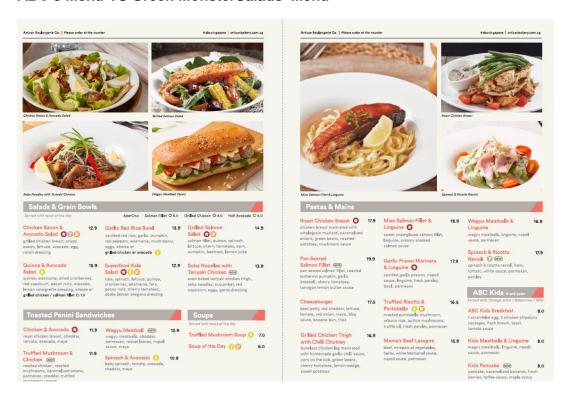|	Benefits	Description
1	Optimises direct costs and overheads	• Overheads (e.g. Able to increase revenue without the need to increase space) • Direct costs (e.g. Able to achieve labour productivity by increasing revenue with minimal increase in labour, reduce cost of goods sold through sharing of common ingredients)
2	Diversifies or transforms the company's offering with a lower risk	• Most concepts that are piloted in the market begin in a brick-and-mortar front which is costly to set up and shut down. • Companies can test new concepts without the need to invest in a new brick-and mortar front.

Case Study of Virtual Brands
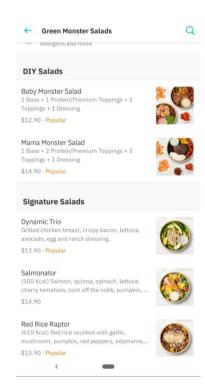
- **Green Monster Salads**

Green Monster Salads is a virtual DIY salad concept conceptualised by its Core Brand, Artisan Boulangerie Co (ABC).

Artisan Boulangerie Co. began its story in Singapore as a single bakery cafe and has since developed into a lifestyle café offering wholesome food with multiple outlets across Singapore. Their menu consists of a robust all-day brunch menu, with hearty and pastas, salads and a range of artisanal morning pastries and desserts. Beyond the rich selection of European-inspired food, ABC is also known for their hand crafted specialty coffees.

Green Monster Salads was developed leveraging 85% of the same SKUs from ABC's kitchen, and currently managed with less than 15% incremental labour. The brand new concept which launched with a smaller, category focused menu and fun branding resulted in great consumer reception without diluting the reputation of the Core Brand.

ABC's Menu VS Green MonsterSalads' Menu

Description and case studies of O2O strategies

Background

1. Globally, there is a growing ecosystem of online platforms to help Food Services (FS) companies meet this demand for convenience through food delivery. Food delivery platforms[9], in particular, have been successful in helping companies reach out to a large customer base.

2. It is also important for companies to build their own channels and mechanisms to remain directly engaged with their customers, and collecting customer data. Through this, companies can achieve a better understanding of their online customers and continue to enhance their value proposition to them.

3. Companies that have already built a strong brand equity should consider developing an online-to-offline (O2O) strategy to guide the growth of their business in the long term. This involves developing a holistic and data-driven understanding of their customers and using this effectively in their marketing and sales across all online or offline channels.
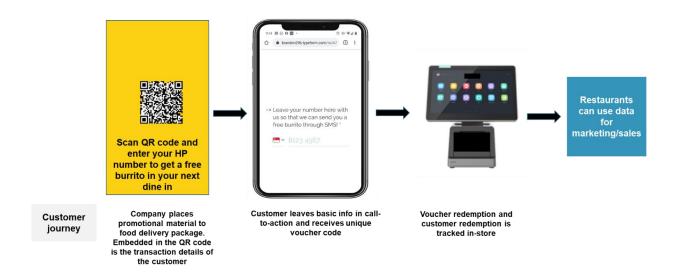
	Benefits	Description
1	Derive deeper insights on consumer behavior and strengthen consumer engagement	• As customers become more mindful and increasingly looking for value, companies need to understand their customers' values better through data and insight. • More personalised offerings could be provided.
2	Enhance and maximise brand equity	• Companies can actively shape how customers think and feel about their brands by engaging with them in both online and offline channels. • Stronger brands can better stand out in a crowded market.

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[9] Food delivery platforms refers to companies such as Deliveroo, foodpanda and GrabFood

Case Study

4. Company X currently delivers through an online delivery platform today with no direct engagement with the customer. To understand the customer better, Company X wants to work with a digital voucher management company to create unique vouchers that embeds the customer's transaction details in the voucher. For a customer to redeem the voucher, he/she has to leave a handphone number to receive a voucher via SMS. This enables the company to obtain the handphone number of their customer and his/her online delivery transaction details.

What data can be collected	How will the data be used for more effective sales/marketing in another online/offline channel
• Customer ID • Online delivery transaction details	Company can understand their customers' online food delivery purchase behaviours and use this data to create more effective promotions that can be used offline.

Customer journey	Company places promotional material to food delivery package. Embedded in the QR code is the transaction details of the customer	Customer leaves basic info in call-to-action and receives unique voucher code	Voucher redemption and customer redemption is tracked in-store

5. Company Y would like to offer food delivery using its own online storefront. On this online storefront, they collect basic information such as the customer's address to fulfill a delivery order. With this data, Company Y can now do geo-targeted advertisements on social media channels.

What data can be collected	How will the data be used for more effective sales/marketing in another online/offline channel
• Customer ID • Address	Use data like addresses to create geo-targeted advertisements

F&B businesses are encouraged to work with pre-approved vendors under the Productivity Solutions Grant[10] (PSG), should they wish to develop their online storefronts.

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[10] The PSG supports companies keen on adopting IT solutions and equipment to enhance business processes.