

MEDIA RELEASE

Food Services Industry Transformation Map 2025 to drive innovation and internationalisation; develop homegrown regional brands

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1. Minister for Trade and Industry Mr Gan Kim Yong launched the Food Services Industry Transformation Map (ITM) 2025 today at Restaurant Asia 2022, organised by the Restaurant Association of Singapore (RAS) and Conference & Exhibition Management Services. This is the second of the 23 sectoral ITMs to be publicly launched, under the ongoing ITM 2025 efforts led by the Future Economy Council (FEC). The refreshed ITM aims to create an innovative and vibrant Food Services industry and groom homegrown brands that can go regional.

Food Services ITM 2025

2. First introduced in 2016 by Enterprise Singapore¹ (Enterprise SG) in partnership with the industry, unions and other government agencies, the Food Services ITM focused largely on digitalisation and the adoption of manpower-lean business formats and technology to improve productivity and reduce reliance on manpower for the industry.
3. With the COVID-19 pandemic bringing about a further shift in consumer behaviour towards online trends and the rise of alternative business models, **the refreshed ITM 2025 will shift the focus towards catalysing innovation to create new revenue streams among enterprises, and encourage ready and able food companies to capture new growth opportunities domestically and internationally.** It will also map out strategies to uplift wages, particularly among lower wage roles, reduce foreign worker reliance and create more quality jobs for locals.

¹ Rolled out by then SPRING Singapore.

Update on the Progress of the Food Services ITM

4. The Food Services industry plays a vital role in Singapore's economy, contributing S\$4.0 billion to Singapore's economy and employing about 220,300 workers in 2021². In the past few years, the industry has made good progress in digitalisation and productivity improvements. In 2021, close to 90% of food services SMEs adopted at least one digital solution³. This was following the launch of the Food Services Industry Digitalisation Plan (IDP) by Enterprise SG and Infocomm Media Development Authority (IMDA) in 2018, to provide a step-by-step guide for small and medium enterprises (SMEs) to adopt digital solutions.
5. In terms of back-of-house processes, enterprises have been setting up central or cloud kitchens to reap benefits.
 - a. With support from Enterprise SG, enterprises with multiple outlets have established central kitchens to automate their operations to gain economies of scale and reduce manpower reliance.
 - b. Companies have also ventured into R&D and productive business formats such as ready-to-eat (RTE) meals. This business diversification paid off especially during the Circuit Breaker when dining-in was restricted.
 - c. With the pandemic accelerating the shift in consumer behaviour towards convenience and food delivery, online sales have grown immensely. Compared to pre-COVID-19, the proportion of online sales out of total sales for the Food Services industry grew by more than three times from less than 10% in 2019 to 30% in 2021⁴.
6. On the jobs and skills front, more than 2,600 individuals have been upskilled and reskilled through various initiatives by SkillsFuture Singapore and Workforce Singapore (WSG) as part of the first iteration of the Food Services ITM. This is supported by the Food Services Skills Framework⁵ which was launched in 2017 and refreshed in 2020. The Government also kickstarted efforts to guide the industry to redesign jobs. This includes the Career Conversion Programme (CCP) introduced by WSG in 2020, and the

² DOS, 2021. MOM, 2021. Gross Domestic Product In Chained (2015) Dollars, Food & Beverage Services

³ IMDA annual surveys conducted by Experian Singapore Pte Ltd in 2019 and 2021.

⁴ DOS, 2019-2021.

⁵ The Food Services Skills Framework guides companies and workers on potential career pathways, jobs, skills and training relevant to the industry. As such, it helps drive skills adoption across a variety of job roles so that individuals and enterprises can make informed decisions on education, career development, progression, and talent retention.

Job Redesign Guide for Food Services Sector published in 2018 and enhanced in 2021 by WSG and Enterprise SG, together with the Singapore Productivity Centre.

Strategies of the Food Services ITM 2025

7. The Food Services industry is poised to see further growth and transformation, driven by consumption growth in the region, shifts in consumer trends and government efforts to drive industry rejuvenation and vibrancy. The Food Services ITM 2025 will focus on the following four strategies⁶.

Strategy 1: Catalysing innovation to drive new revenue streams

8. Building on efforts made in the first ITM, the refreshed ITM will drive further efforts on productisation and food innovation, to address changing consumer preferences for convenience, health and wellness, and sustainability.
 - a. Enterprise SG will work with more FoodInnovate⁷ partners such as IPI Singapore, SATS and larger enterprises, to provide end-to-end support ranging from sharing of knowledge, food product R&D to go-to-market networks.
 - b. The ITM will guide food services companies to improve their green branding to address the environmentally conscious consumer. Enterprise SG will support them in adopting sustainable solutions or incorporating sustainability practices in their operations, such as food waste management. Our Enterprise Sustainability Programme is one initiative that supports companies to develop capabilities in this area.
 - c. We will also foster closer sustainability collaborations between food services companies and innovation or tech ecosystem partners, to drive food resilience and sustainability goals.

Strategy 2: Growing homegrown regional brands and supporting internationalisation

9. As borders reopen, it is timely to step up internationalisation efforts to expand revenue streams. The refreshed ITM encourages more food services companies to take the first

⁶ Enterprise SG-defined Food Services sub-sectors and strategies excludes 56140 (hawkers & stallholders) and own-account workers.

⁷ FoodInnovate was launched by Enterprise SG in 2018, together with Agency for Science, Technology and Research, Economic Development Board, Innovation Partner for Impact, JTC Corporation and the then-Agri-Food and Veterinary Authority to grow Singapore's food industry through innovation. The initiative aims to provide resources to drive food tech and innovations, particularly through access to shared infrastructure and industry knowledge.

step to enter new markets, drive regional expansion, and internationalise through alternative formats.

- a. Those new to internationalisation can tap a specially curated market accelerator programme to mitigate potential obstacles peculiar to the industry and make their first overseas foray. To be rolled out in Q3 2022, the programme provides a structured curriculum where industry partners will share knowledge and connect food services companies to potential partners with deep market networks.
- b. For companies with existing overseas presence, Enterprise SG will focus on helping them deepen their overseas presence through capturing new opportunities in emerging cities. This is especially relevant for the regional markets, given their close geographical proximity to Singapore and a strong growing population. The global food and beverages (F&B) market is expected to grow by 1.5 times in the next 5 years and Asia Pacific is currently the largest region in the F&B market⁸. Asia's population is also expected to grow to 4.5 billion and take up 65% of the world's middle class by 2030.
- c. Coupled with digitally savvy consumers and increased demand for healthy and sustainable options, consumers in Asia are expected to double their spending on food to more than USD \$8 trillion by 2030⁹. In addition, with the shift in consumer acceptance towards food delivery during the pandemic, Asia Pacific is expected to be the largest cloud kitchen market¹⁰. Enterprise SG will encourage expansion through complementary formats such as cloud kitchens, and help companies with food retail products increase exports through partnerships with regional e-commerce platforms, which serve as a market testbed before physical outlets are set up.

Strategy 3: Grooming digital champions and strengthening competencies of enterprises

10. Digitalisation remains key to transforming the industry. ITM 2025 will continue to drive the mass adoption of baseline technologies via the Productivity Solutions Grant, which supports companies to adopt bite-sized and cost-effective digital and automation solutions. As companies grow in scale and revenue, we will encourage them to leverage data to improve operations and customer engagement. With the refreshed Food

⁸ The next 5 years in this sentence refers to the time period 2021-2026. Food And Beverages Global Market Opportunities and Strategies Report, The Business Research Company, 2022.

⁹ The Asia Food Challenge Report 2021 – Harvesting the Future, PWC, Rabobank, Temasek, 2021.

¹⁰ UOB FDI Advisory, 2022

Services Industry Digital Plan that will be launched later this year, companies will get an updated digital roadmap to guide them in using advanced technologies to support their needs. The enhancements will also help Food Services SMEs move beyond basic point solutions to integrated solutions to achieve efficiencies, and use data protection and cybersecurity tools to safeguard their businesses.

11. Food companies with the potential to scale are encouraged to lead the industry in developing more holistic digital and data-driven strategies, and champion seamless online-to-offline or offline-to-online customer experiences. Through pilot trials of smart systems and IoT-enabled equipment, companies can build the next-generation of smart central kitchens that utilise predictive analytics to optimise resources and track waste management.

Strategy 4: Stepping up job transformation and creating quality roles for locals

12. COVID-19 has reinforced the need for restructuring and to moderate our reliance on foreign workers, especially at the lower-skilled level. To survive and thrive in an extremely competitive market, F&B companies need to stay ahead of their business transformation efforts, and build a strong workforce core that is resilient to various disruptions. The ITM will strengthen local talent pipelines to support new business models and meet the growing demand for emerging jobs as companies transform. Enterprise SG will support more companies to start talent development programmes to groom local talents in job areas including digital marketing, food technologist, data analytics, restaurant manager, chefs and more. We will also uplift the local training ecosystem through structuring more partnerships between companies and training institutions, as well as roll out new Career Conversion Programmes to support the training and placement of local workers.

Partnership as a Lifestyle Cluster

13. Through the FEC Lifestyle Cluster Subcommittee¹¹, Enterprise SG will drive cross-sector collaborations that are aligned with the ITM strategies. The Subcommittee is looking to

¹¹ The FEC Lifestyle Cluster Subcommittee is co-chaired by Minister of State for Trade & Industry and Culture, Community & Youth Ms Low Yen Ling and President of RAS Mr Andrew Kwan. It comprises 18 members who are key industry representatives from Food Services and Retail companies, Hotels, Food Delivery Platforms, Educational Institutions and Trade Associations and Chambers (TACs). The Subcommittee will spearhead industry transformation within the Lifestyle Cluster, consisting of the Food Services, Retail and Hotel industries, and aims to develop Singapore as a vibrant lifestyle destination.

replicate the success of enclaves like Dempsey Hill to create new lifestyle nodes and develop innovative and authentic experiences at locations like Pulau Ubin and Gillman Barracks. The Subcommittee is also planning to pilot precinct-level sustainability projects, such as aggregated use of reusable packaging for food deliveries within precincts.

14. Mr Andrew Kwan, President of RAS, said, “Food is in the heart of every Singaporean. In the last two years, the F&B scene has been impacted by technological advances and shifts in consumer trends. It is timely to refresh the Food Services ITM, since its launch in 2016, to better align to the needs of the industry amidst these changes, so that Singapore can continue to develop a lively and innovative Food Services industry and provide good careers for locals. RAS looks forward to partner the various government agencies in rolling out the suite of initiatives under the refreshed ITM.”

15. Ms Dilys Boey, Assistant Chief Executive Officer of Enterprise SG (Lifestyle & Consumer, Food and Agritech), said, “The Food Services industry plays a vital role in our economy and contributes to the vibrancy of the lifestyle scene in Singapore. We want to help food services companies capture the strong consumer demand locally and in the region, brought on by changing consumption patterns and trends in areas such as wellness and sustainability. But to succeed in this highly competitive industry, we encourage companies to be bold and innovative in exploring new concepts and business formats. The refreshed ITM lays out the growth strategies for the Food Services industry and supports our vision to build homegrown brands that we can be proud of.”

Annex 1: Details on ITM 2025

Annex 2: List of company examples

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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.

ITM 2025

The Future Economy Council (FEC) was set up in 2017 to support the growth and transformation of Singapore's economy for the future, including the development and implementation of the Industry Transformation Maps (ITMs). ITMs are sector-specific roadmaps to drive industry transformation, support the growth of our enterprises, and help Singaporeans take up quality jobs and seize opportunities. Co-created by the Government, industry stakeholders, and unions, each ITM covers areas such as productivity, internationalisation, innovation, digitalisation, resilience, sustainability, and jobs & skills. To address the systemic shifts arising from the COVID-19 pandemic and other changes in the global economy, the FEC has embarked on ITM 2025, to refresh all 23 ITMs to address the challenges and opportunities for Singapore, our businesses, and our workers.

COMPANY EXAMPLES

A. Development of RTE meals

Mr Bean

Mr Bean started out as a hawker stall selling traditional soybean milk and bean curd. Over the years, the company has evolved from selling only basic and traditional soya milk and beancurd, to developing innovative, new soy-based FMCG products, such as soybean pre-packed drinks, jellies and snacks. These FMCG products are shelf-stable, i.e. can be stored safely at room temperature in a sealed container or packaging. Mr Bean is able to leverage its online store, BeanMyDay, to retail these products. Moving forward, Mr Bean will continue to build up its R&D capabilities to develop innovative products for consumers.

Select Group

Select Group is a leading F&B player with more than 100 F&B outlets in Singapore and overseas. Through its subsidiary, RM Food Manufacturing, Select Group, worked with the Food Innovation & Resource Centre (FIRC) to develop a shelf-stable RTE product using retort technology and build its knowledge and capability in retort product development.

Through the project, RM Food successfully developed retort products under its Taste Asia line of RTE meals with a shelf life of up to one year. Since completing the RTE project in 2019, Select's revenue for its Taste Asia line of RTE products has seen a year-on-year growth of about 20% over the last two years. RM Food plans to export its RTE meals to new overseas markets such as Asia Pacific countries, Australia, EU and the Middle East.

B. Central kitchen

Commonwealth Capital

Commonwealth Capital (CCPL) operates an integrated food manufacturing and logistics facility at 7 Buroh Lane which includes a central bakery, meat processing facility, ice-cream manufacturing facility and central kitchen. Through its subsidiary, Zac Meat, CCPL has been able to automate the processing and marination of meat, which is supplied to brands under the portfolio such as Zac Butchery, Pastamania and The Soup Spoon as well as a wide range of local and international F&B chains. For example, Zac Meat has invested in a range of high-tech European equipment such as bowl cutters, vacuum tumblers, sausage fillers as well as patty and meatball formers. Zac Meat is also working closely with A*Star (Advanced Remanufacturing and Technology Centre) to adopt robotic solutions for its depalletisation process and to allow significant manpower savings.

C. Cloud kitchen

SaladStop

Since SaladStop's first cloud kitchen in Katong opened in 2020 to focus on fulfilling delivery sales, the company had expanded its cloud kitchen presence regionally to Indonesia to tap

the Indonesian consumer market. SaladStop has set up 25 physical outlets through their JV partner in Indonesia, and is also tapping cloud kitchen, a lower capital expenditure format to scale further. Today, SaladStop has seven cloud kitchens in Indonesia, and intends to open 10 cloud kitchens in Indonesia in the next two years.

D. Jobs and skills

Katrina Holdings

Katrina Group tapped on the CCP for Food Services Assistants to scale up job redesign efforts through salary support. This has benefited companies such as Katrina Holdings, which will be upskilling 18 servers following the job redesign. For instance, Lee Soo Hui, an outlet supervisor at Katrina's "So Pho" restaurant, is currently undergoing training for basic digital, customer service and food preparation skills, following the implementation of a digital ordering system that reduced the need for servers to manually take orders.

The Soup Spoon

In 2020, The Soup Spoon embarked on the first iteration of the Career Conversion Programme (CCP) for Food Services Assistants to redesign the jobs of its marketing team. This allowed their employees to be multi-skilled in the development and implementation of digital solutions, which helped the company gain better insights from their Souperholic customer loyalty programme and their company's website e-store layout. This led to enhanced customer engagement through their digital channels such as the Souperholic mobile app and social media platforms.

The Soup Spoon was also connected with local jobseekers who were looking to make a mid-career switch to the F&B industry, and they were able to recruit two management trainees under the CCP for Food Services Executives.