

Inquiry into online market dominance: Takealot, UberEats in commission's crosshairs

The Competition Commission has announced it will be launching an inquiry into the competitiveness of online intermediation platforms (Online Intermediation Platforms Market Inquiry or OIPMI).



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In a statement issued last week, the commission said the inquiry will be conducted in terms of Chapter 4A of the Competition Act, 89 of 1998, as amended (the Act). In terms of section 43B(1)(a) of the Competition Act 89 of 1998 (as amended), the Commission may initiate an inquiry where it has reason to believe that there exist market features which impede, distort or restrict competition amongst the platforms themselves, and which undermine the purposes of the Act.

"The initiation of the inquiry is a culmination of the work the commission has been doing in following the global discourse on digital markets. In September 2020, in keeping with the global trends in the growing importance of digital platforms in the economy and the high levels of concentration in digital markets, the Commission published for public comment a strategic view on regulating competition in the digital economy. Following written submissions and consultations with stakeholders, that report has been finalised and will be published next week," stated the commission.

The focus of the inquiry will cover, amongst others:

- e-commerce platforms
- travel aggregators
- food delivery
- short-term accommodation rentals
- online classifieds
- app stores

The commission further expanded on this in its draft Terms of Reference, saying that online intermediation markets are already becoming concentrated domestically, with clear market leaders and dominant platforms emerging across several online intermediation platform markets. For instance:

- In e-commerce, Takealot (incl. Superbalist) is substantially larger than other online platforms and operates a marketplace on which many business users are now dependent as a route to market.
- In most service delivery platforms there are one or two dominant providers. For instance, in food delivery Mr D and UberEats account for the bulk of trade whilst Airbnb has been the market leader in home-sharing accommodation. In travel aggregation, TravelStart has emerged as the leading provider.
- In online classifieds, there are typically two platforms that dominate sales leads and market revenue. For instance, Autotrader and Cars.co.za in autos or Property24 and Private Property in house listings.
- In software app stores, the dominance of the Android operating system in mobile phones gives Google Play a particularly dominant position, but equally the Apple App store is the only option for iPhone users.

"Features of these markets and the platform business models have been found internationally to create barriers to entry for rival platforms, such as pricing parity clauses, exclusive agreements or conglomerate data sharing and cross-promotion. Furthermore, the importance of certain platforms for reaching consumers online makes business users dependent on them, with issues arising in terms of selfpreferencing, discrimination, unfair trading terms, extraction of business data and the potential distortion from ranking algorithms all impacting on competition and participation amongst business users on these platforms. Already in South Africa these markets are becoming concentrated and complaints from business users are emerging," said the Commission.

It is of the view that there is substantial benefit from an inquiry which will also increase transparency as to some of the business practices of online platform markets and how these practices are impacting on competition amongst platforms and participation by business users.

The Competition Commission's draft Terms of Reference can be found [here](#), and is open for public comment until no later than 4pm on 12 March 2021. The commission will then review the public comments and gazette the final Terms of Reference before commencing the inquiry.

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