

Market definitions in digital markets - Hungarian cases

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Key features of digital markets

- Fast-moving nature
- Low marginal and distribution cost
- Economies of scale and scope
- Network effects
- Zero- (monetary) price offers
- Importance of data
- Two/multi-sided platforms
- Varied and evolving business models

Two/multi-sided platforms

Single-market approach vs multi-markets approach

In two-sided non-transaction markets, two (interrelated) markets should be defined. In two-sided transaction markets, only one market should be defined.

Market definition has to take into account the degree of multi- and single-homing by platform users.

Effects of multi-homing can be different when competition is in the market rather than for the market.

Szállás.hu/Utazok.hu (1)

Acquisition of **sole control** over Utazok.hu by Szallas.hu

Szallas.hu



Both companies operate **online hotel booking platforms focusing on domestic travellers**

Procedure:

- April 4, 2019: Transaction notified
- June 4, 2019: Phase I unconditional clearance decision adopted

Szállás.hu/Utazok.hu (2)

Separate product market for online booking services

- The market for online booking services is a two-sided transactional market
- Users on both sides of the market are multi-home

Whether the market should be further segmented depending on the **nationality of consumers?**

- Substitutability between international and national site
- Boundaries are blurred as many companies offering accommodation use a mixed strategy whereby it makes no difference between the consumers

Question left open; it had no effect on the outcome

Netrisk/Biztositas.hu (1)

Acquisition of **sole control** over Biztositas.hu by Netrisk.

Insurance intermediates, both companies operate **online insurance broker platforms**

Procedure:

- March 5, 2019: Transaction notified
- December 12, 2019: Phase II unconditional clearance decision adopted

biztositas.HU
a biztosítások kiindulópontja



netrisk.hu
A piacvezető biztosítási portál

Netrisk/Biztositas.hu (2)

The market for insurance intermediate services is a two-sided transaction market

Whether **online and offline insurance intermediate services** belong to the same product market?

Result of the market investigation was mixed

- Role of online purchases are significantly different in each insurance segment
- Increasing number of customers use online insurance broker platform to compare prices, but later use other sales channel
- The boundaries between the two sales channel are blurred many brokers use mixed strategy

Question left open since; on any plausible definition, no competition problems arise



Netrisk/Biztositas.hu (3)

Whether the market should be further **segmented by insurance types**?

- Strong indicates that intermediation of life insurances and non-life insurances are different, but that question was not relevant, because the parties do not purchase life insurances
- Considering non-life insurance intermediate services no distinction between different insurance types

Insurance companies other **distribution channels** (especially its own websites) **exert very strong competitive pressure on insurance intermediate services**

eMAG/Extreme Digital (1)

Acquisition of **sole control** over Extreme Digital over eMAG.

Online retailers of electronic goods

Procedure:

- March 25, 2019: Transaction notified
- October 17, 2019: Phase II unconditional clearance decision adopted



eMAG/Extreme Digital (2)

Online and offline retail of electrical goods belong to the **same product market**

- Range of products available online and offline is similar (or online is larger)
- Evolution of retailer business models towards „omnichannel” marketing
- Uniformisation of online and offline price
- Consumers habits

No distinction between the type of goods

Conclusion

- **Case-by-case** assessment
- **Markets are fluid and fast-moving**
- Market definition and market share has lower importance than traditional markets
- More **dynamic analyses**
- Greater focus on **competition pressure from other sales channels**

Thank you!

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