

ISTANBUL COMPETITION FORUM 9-10 MARCH 2020

# A PARADIGM OF A TWO-SIDED PRICE COMPARISON PLATFORM

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*(Speaking in a personal capacity - the views expressed are not necessarily those of the Hellenic Competition Commission)*

# THE GREEK ENVIRONMENT

- Booking.com, Expedia (Commitments-2015)
- Press distribution (Opinion-2019)

## *Ongoing cases*

- E-Government health services platform
- Online sales of durable goods (RPM)

# SKROUTZ PLATFORM

The screenshot displays a web browser window with the Skrutz website. The browser's address bar shows the URL: <https://www.skrutz.gr/s/16708480/Jurlique-Herbal-Recovery-Signature-Eye-Cream-15ml.html>. The website header features the Skrutz logo, a search bar with the placeholder text "γράψε τον όρο αναζήτησης", and navigation links for "Σύνδεση", "Γίνε μέλος", and a shopping cart icon. A promotional banner below the header reads "Έχεις κατάστημα και δεν έχεις e-shop; Τώρα μπορείς να πουλάς μέσω του Skrutz!" with a "Ξεκίνησε τώρα" button. The breadcrumb trail indicates the product category: Αρχική > Υγεία - Ομορφιά > Περιποίηση Προσώπου > Κρέμες Προσώπου. The main product image shows a red jar of "Jurlique Herbal Recovery Signature Eye Cream with smoothing Silk Tree". To the right of the image, the product name "Jurlique Herbal Recovery Signature Eye Cream 15ml" is displayed with a five-star rating. Below the name are three action buttons: "Αξιολόγησε το προϊόν", "Ρώτησε για το προϊόν", and "Εξέλιξη τιμής". A descriptive paragraph follows: "Αντιγήρανση, Τύπος Επιδερμίδας: Όλοι οι Τύποι, Ημέρας, Για Όλες τις Ηλικίες, Κατασκευαστής: Jurlique (Κρέμες Προσώπου)". At the bottom of the page, a navigation bar contains links for "Καταστήματα (9)", "Χαρακτηριστικά", "Αξιολόγησε το προϊόν", "Οι χρήστες είδαν επίσης", "Ρώτησε για το προϊόν", and "Εξέλιξη τιμής". The Windows taskbar at the bottom shows the system tray with the date "20/02/2020" and time "17:39".





# SEARCH RESULTS

Ειδήσεις από την Ελλάδα και τ... x tantoniadou@yahoo.com - Υα... x Jurlique Herbal Recovery Signa... x

← → ↻ 🏠 🔒 https://www.skrouz.gr/s/16708480/Jurlique-Herbal-Recovery-Signature-Eye-Cream-15ml.html 🔍 Search 🗄️ 🌐 📄 🔄 ⌵ ☰

⚙️ Most Visited 🌐 Getting Started

Καταστήματα (9)    Χαρακτηριστικά    Αξιολόγησε το προϊόν    Οι χρήστες είδαν επίσης    Ρώτησε για το προϊόν    Εξέλιξη τιμής

 Dpharmacy	<a href="#">Jurlique Herbal Recovery Signature Eye Cream 15ml</a> Παράδοση 1 έως 3 ημέρες	Μεταφορικά Αντικαταβολή	<b>35,94 €</b> + 2,50 € + 1,00 €
★★★★★ (177) ▾	Πληροφορίες καταστήματος ▾		<b>39,44 €</b>
 Pharmacyathome	<a href="#">JURLIQUE Herbal Recovery Signature Eye Cream Κρέμα Ματιών με Εκχύλισμα απο Δέντρο Πέρσικου Μεταξιού 15ml</a> ● Άμεση παραλαβή / Παράδοση 1 έως 3 ημέρες	Μεταφορικά Αντικαταβολή	<b>36,20 €</b> + 2,00 € + 0,90 €
★★★★★ (44) ▾	📍 Πειραιάς, Αττική ▾	🌱	<b>39,10 €</b>
 Biofos	<a href="#">Jurlique Herbal Recovery Signature Eye Cream 15ml</a> ● Άμεση παραλαβή / Παράδοση 1 έως 3 ημέρες	Μεταφορικά Αντικαταβολή	<b>36,99 €</b> + 4,00 € + 0,00 €
★★★★★ ▾	📍 Αθήνα, Αττική ▾		<b>40,99 €</b>
 Pharmacyway	<a href="#">Jurlique-Herbal Recovery Signature Eye Cream 15ml</a> Παράδοση 1 έως 3 ημέρες	Μεταφορικά Αντικαταβολή	<b>37,81 €</b> + 0,00 € + 1,80 €
★★★★★ (36) ▾	Πληροφορίες καταστήματος ▾		<b>39,61 €</b>

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17:41  
20/02/2020

# SKROUTZ PLATFORM

- **Two-sided market:** 1. *retailers* 2. *shoppers*
- **No control** *over the products*
- **Market power:** Skroutz is price setter on all sides of the market
- **Cross-network effects:** *Retailers' benefits from participating depend on the extent of shoppers' participation*
- Price level versus **Price Distribution**
- **Feedback effects**
- **Participation-Balancing**

# MARKET DEFINITION

- Market definition is an attempt to define a group of products, which are substitutable to such an extent that the firms producing them can be perceived as competing against each other and which therefore constrain each other's ability to increase prices.

*(Filistrucchi 2013)*

- 1) Define relevant services offered by Skroutz
- 2) Assess substitution possibilities on each side

# DIFFICULTIES OF MARKET DEFINITION (1)

## 1) define one versus two markets

- Multiple one-sided markets or a single multi-sided market?
- *1) services to the retailers and 2) services to the shoppers  
or price comparison services possibly leading to a transaction between a retailer and a shopper*

## 2) candidate substitute products

- Considering multi-homing or single-homing, different distribution channel or business model
- *Skroutz faces competition (inter-platform) from other rival platforms (Bestprice, Amazon)*
- *(intra-platform) from one-sided competitors (online/offline retailers shops)*

# DIFFICULTIES OF MARKET DEFINITION (2)

## **3) multiple connected sides**

- *the platform is competing not only for retailers but for shoppers too*

## **4) SSNIP test modified and adapted**

- Which price the hypothetical monopolist should be raising ?
- Consider profits on one or all sides of the market?

*Whether merchants would switch away from the platform following a price increase and the buyers' reaction to such an increase*



# RECENT THEORY

- Transaction platforms vs. non- transaction
- Observability of the transactions (yes)
- Pass through the price difference to the other side
- Positive network effects for all sides of the platform
- Indirect network effects - need to account for all sides when setting the fees.
- Price level and price structure
- Multi-homing or steering efforts relying on exclusivity contracts (inter-platform)
- Within-side (between sellers) competition (Intra-platform)
- Sellers competition with bricks-and-mortar sellers
- Platforms act as sellers as well (hybrid marketplaces)
- Modified SSNIP test (sum of prices)

# A SUMMARY OF MSP CLASSIFICATIONS

**Do sides transact through the platform? Are the transactions observable?**

<b>Market Type</b>	Yes		No	
	Transaction markets		Non-transaction markets	
	<b>Do pass-through effect present?</b>		<b>Do both sides search for matching?</b>	
	No	Yes	Yes	No
	Transaction markets without pass-through	Transaction markets with pass-through	Matching markets	Audience market at least at one side
<b>Network effects</b>	<b>Are network effects positive for all sides of the platform?</b>			
	Yes	Yes	Yes	Not always
<b>Markets to be determined</b>	One multi-sided market. The product is ability to transact with another side of MSP		One multi-sided market. The product is ability to find matching	Several interrelated markets. The products are different: audience for one side, content for the other.
<b>Pricing strategy</b>	Relative price affects the market, so fees for different sides are to be charged separately	MSP cannot control relative prices, so it focuses on the total price (sum of prices charged for both sides)	As transactions after the matching are not observable, MSP charges participation fee only. Or charge a third party (advertisers).	Only participation fee. If the "audience" side generates strong positive cross-platform effect, it is rational to minimize its participation fee or to provide it some matching service (separate multi-sided market). The side that searches for the audience is to be charged participation fee.
<b>Market characteristics</b>	Market size is to be measured by value/ volume/ number of transactions. Prices are different for different sides	Market size is to be measured by value/ volume/ number of transactions. Price of transaction is the sum of prices charged for both sides	Market size is to be measured by the number of users on both sides. Prices are different for different sides	Several markets with their prices and volumes. Network effects are to be taken into consideration, when estimating demand and evaluating rivalry and entry
<b>Market delineation</b>	SSNIP for one market corrected for cross-platform effects	Traditional SSNIP for one market	SSNIP for one market corrected for cross-platform effects	SSNIP for each of the markets corrected for cross-platform efforts

# OLD THEORY (1)

To assess competitive constraints faced by Skrutz we consider:

- • **Demand substitution at each side;**
- • Supply substitution.

} THIS DETERMINING THE  
RELEVANT MARKET

Potential shoppers and retailers substitutability

- If prices are raised in Skrutz market, how would costumers respond?
- – Include markets that consumers would substitute to;
- – Exclude markets they wouldn't.

# OLD THEORY (2)

To assess competitive constraints faced by Skrutz we consider:

- Demand substitution at each side;
- **Supply substitution.**

} THIS DETERMINING THE  
RELEVANT MARKET

Potential supplier (short term) substitutability

- If prices are raised in Skrutz market, how would suppliers respond?
- – Include suppliers/platforms who would immediately enter the Skrutz market;
- – Exclude suppliers/platforms who wouldn't.

# CONCLUSION

- The application of traditional methods for market definition in two-sided platforms still works but we need to have a holistic look at market circumstances

# REFERENCES

- Filistrucchi L., Geradin D., van Damme E., and Affeldt P. (2014), **Market Definition in Two-Sided Markets: Theory and Practice**, Journal of Competition Law and Economics, vol. 10 (2), 293-339.
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- E. Hovenkamp, **Platform Antitrust**, (July 24, 2018). Journal of Corporation Law, 2019, Forthcoming.
- The BRICS Competition Law and Policy Centre, 2019, **Digital Era Competition: BRICS View** (hereinafter BRICS Report 2019).
- da Silva Pereira Neto, Caio Mario and Maria Lancieri, Filippo, **Towards a Layered Approach to Relevant Markets in Multi-Sided Transaction Platforms** (January 28, 2020). Forthcoming, Antitrust Law Journal; FGV Direito SP Research Paper Series n. Forthcoming.