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Summary of the Online marketplaces monitoring carried out by the Lithuanian Competition Council

- 1) The object of the monitoring carried out by the Competition Council is the activity of online marketplaces which operate in Lithuania and where the majority of traders are local businesses. Such online marketplaces can be regarded as more important for Lithuanian companies, as well as for their customers, since the majority of them purchase goods or services online from Lithuanian sellers, and not from other marketplaces that are less oriented towards Lithuanian sellers and buyers.
- 2) The 2022 monitoring survey covered 16 online marketplaces: 4 consumer goods marketplaces, 3 food ordering and delivery platforms, 8 gift marketplaces and 1 beauty service reservation platform. Responses were received from 90 e-marketplace traders.
- 3) Online marketplaces are providers of online intermediary services. This means that they provide a platform for economic entities to offer their goods or services to other economic entities or end consumers.
- 4) The collected data indicates that online marketplaces operating in Lithuania vary significantly in size. The largest online marketplaces had over a thousand traders in 2021, while the smallest ones had only up to a hundred traders.
- 5) Five online marketplaces are hybrid platforms, meaning that they compete with their own traders. These platforms operate both as product sellers (distributors) and as providers of online intermediary services.
- 6) Some online marketplaces not only provide intermediary services to traders but also offer additional services, such as product delivery (offered by 4 marketplaces), followed by services related to preparation for conducting activities through the online platform and marketing services (each offered by 3 marketplaces). However, the majority of surveyed marketplaces (8 marketplaces) do not offer additional services to traders.
- 7) Despite the growing popularity of online marketplaces, the survey revealed that the most important sales channel for traders remains their own physical stores. Nearly one-third of the respondents stated that sales through their physical stores generate over 80% of their revenue. The importance of online sales channels was significantly lower for the respondents. Only 6% of the respondents derive over 80% of their revenue from sales through online marketplaces, while 4% or fewer respondents generate over 80% of their revenue through other online sales channels.
- 8) The majority of surveyed traders (63%) indicated that they utilise the services of one or two online marketplaces in their operations. Nearly half of the respondents (49%) have not fully utilised all the opportunities provided by this trading channel and could potentially engage in additional trade in at least one additional online marketplace. The most commonly cited reasons by the traders for not utilising additional marketplaces when given a choice were that it was not beneficial to them, the marketplaces imposed high fees, there was no need, or they lack resources.
- 9) According to traders, online marketplaces have the following advantages: they reach a large number of customers, they offer advantages to clients, they are an advertising channel, enable cost savings in trading, facilitate convenient and fast sales, and employ marketing tools.
- 10) More than half of the traders mentioned that they are unable to switch to different marketplaces currently being used. The most cited reason for this is the advantage of the online marketplaces they currently use over others in terms of size, popularity, reputation, and professionalism. Some traders mentioned that they currently use all the marketplaces that are suitable for their goods or services. Another group of traders indicated that they cannot make a switch due to financial reasons, such as high fees imposed by larger marketplaces, or the costs involved in making the change.
- 11) The survey showed that the majority of traders (81%) monitor competitors' prices online. Although the most common way of monitoring prices is manual (55%), a few traders indicated that they use software to monitor prices.
- 12) Some online marketplaces impose price parity obligations on traders in their operations. They set conditions under which traders can distribute goods and services through other channels and establish maximum resale prices. Additionally, they may employ unilateral actions, potentially creating favourable visibility conditions for their own distributed products and utilising non-public information about traders'

sales. These actions are potentially aimed at providing advantages to their distributed products and/or services.

- 13) The obtained data regarding the prevalence of price parity obligations varies. While only 3 out of 90 traders indicated that online marketplaces impose price parity obligations, 5 marketplaces have included such conditions in their standard contracts with traders.
- 14) One online marketplace applies maximum resale prices, one online marketplace potentially creates favourable visibility conditions for its distributed products, and two online marketplaces potentially utilise non-public information about traders' sales. The mentioned online marketplace operators function both as product sellers (distributors) and as providers of online intermediary services.
- 15) Although the mentioned practices in relationships with competing traders are not prohibited by the Law on Competition *per se*, depending on the specific situation, they can be considered as restricting competition. The actions of hybrid platforms, by providing advantages to their distributed products and/or services, can weaken the ability of competitors to compete by offering their own products and services, strengthen the position of hybrid platforms in the market, and potentially result in reduced consumer choice, increased prices, and lower product quality. The impact of such restraints on competition should be evaluated on a case-by-case basis through a comprehensive analysis. During the monitoring, no obvious prohibited competition restraints, problems, or other factors that effectively restrict competition in this sector were identified, and therefore, there is no basis for initiating in-depth monitoring (market study) on the identified restraints during this monitoring.
- 16) The Competition Council will undertake competition advocacy initiatives such as supplementing e-commerce guidelines and/or developing new ones. If necessary, the Competition Council will investigate potential violations of the Law on Competition.