

# Takealot disagrees with CompCom report findings

Takealot has issued a statement noting its disagreement with some findings and recommendations detailed in the Online Platforms Market Inquiry [provisional report](#) released by the Competition Commission this week.



Source: ©Dolgachov - [123RF](#)

The inquiry raises concerns around the dominance of some of SA's biggest online platforms and suggests numerous changes to combat anti-competitive practices.

Takealot was among the defined list of "leading platforms" identified in the report. Takealot.com was identified as the dominant player in e-commerce, while Mr Delivery, also part of the Takealot Group, was identified as the dominant player in food delivery, alongside Uber Eats. Other platforms singled out were Google Search, Apple App Store, Google Play Store, Booking.com, Airbnb, Property24, Private Property, AutoTrader and Cars.co.za.



Market inquiry findings suggest big changes for SA's leading online platforms

14 Jul 2022



## Accused of distorting competition

The Takealot marketplace, which has [over 5,800 sellers](#), attracts the most consumer traffic out of all online retail websites in South Africa, and some industry execs have [praised the e-tailer's contribution](#) towards building the infrastructure for a growing local e-commerce industry and getting consumers comfortable with shopping online.

However, the Online Platforms Market Inquiry provisional report suggests that tactics used by Takealot have allowed it to gain an unfair advantage over rivals.

Takealot responds in a statement saying, "Takealot.com is a proudly local business that enables South African SMMEs. We do not agree with some of the provisional findings in the *Online Intermediation Platforms Market Inquiry Provisional Summary Report*.

"We have and will continue to engage with the panel on the provisional findings and will respond to the panel in full before the report is finalised."

In the provisional findings, the Commission states that the following conduct by Takealot distorts competition on the marketplace in favour of the company's own retail business, Takealot Retail:

- Product gating by Takealot which is not at the supplier's behest, which removes direct sellers on the platform, enabling potentially higher prices or fewer, less generous, promotions to the detriment of sellers and consumers;
- The use of seller data by Takealot buyers to inform their own retail offering on the marketplace, expropriates and undermines innovation and risk-taking by marketplace sellers to the detriment of competition and consumer welfare.
- The pressuring of suppliers where Takealot is outcompeted, resulting in the raising of price by suppliers or by sellers threatened with non-supply, which distorts competition and raises prices to consumers.
- Takealot retail benefits from the use of unsold promotional display inventory, and has a higher acceptance rate for applications to run promotions on the platform;
- The Buy Box algorithm favours Takealot as it displays the cheapest in-stock, not cheapest overall, and almost all Takealot Retail is in its warehouse and therefore in-stock, unlike marketplace sellers that have more restricted warehouse space.
- Marketplace sellers are not permitted to offer 'unboxed deals' which permit Takealot Retail to clear returned stock and recoup a higher portion of the value.

In a separate point, the report states that Takealot raises marketplace seller rival's costs through the lack of a speedy dispute resolution process in cases where sellers incur the ongoing costs from a lack of resolution.

## **Amazon vs Takealot**

In the report, the Commission also mentions the imminent arrival of Amazon, which it says is unlikely to overthrow existing players such as Takealot.

"The inquiry is also aware of the rumours of Amazon's entry into SA's e-commerce market but has not had any confirmation of such from Amazon itself. If it were to enter, then Amazon's global strength and potential brand appeal is on balance likely to see it establish itself as one of the leading e-commerce platforms alongside Takealot, but unlikely to completely displace it.

"The inquiry provisional findings are likely to remain robust to such an eventuality, as these are predominately in respect of market features and common platform behaviour, but any provisional recommendations would need to be extended to both leading platforms," the report states.

---



### Inquiry recommendations

The inquiry report lists the following provisional "remedies" related to the business of Takealot:

- Prohibition on product gating except at the behest of the supplier, which must not be actively solicited, with reporting requirements to the Commission where exclusivity occurs;
- Internal separation of the retail division from the operation of the marketplace, with own retail treated on an arms-length basis including in respect of the following;
- A prohibition on retail buyers accessing marketplace seller data, or alternatively providing equal access to data for marketplace sellers;
- Fair and non-discriminatory treatment in promotion applications;
- Equality in the treatment of returns and any resale of returns on the marketplace (e.g. through unboxed deals);
- Removal of algorithm biases, including that of the Buy Box (i.e. to also highlight the cheapest option overall where it is not the Buy Box option);
- Investigation of complaints in respect of own retail buyer conduct including that in respect of common suppliers;
- No preferential access to unsold display advertising inventory;
- Implement a speedy dispute resolution process including a provision to compensate marketplace sellers in the interim where the dispute is not resolved within the timeframes.

Stakeholders and the public have six weeks to make submissions to the inquiry on the provisional findings and recommendations. All submissions should be sent to [oipmi@compcom.co.za](mailto:oipmi@compcom.co.za) by the close of business on 24 August 2022. Submissions should be substantiated with evidence where relevant.

For more, visit: <https://www.bizcommunity.com>