How do ONLINE PLATFORMS shape our lives and businesses?
WHAT BENEFITS DO ONLINE PLATFORMS BRING TO THE ECONOMY AND SOCIETY?

Most EU Citizens use some kind of Online Platforms every day – for Social Networking, for buying goods or services online, for searching for information, or for accessing content over the Internet. Online platforms intermediate information and communication flows on the Internet. They are also key enablers of digital trade across the Single Market and the globe. They increase consumer choice and convenience, improve efficiency and competitiveness of industry and can enhance civil participation in society.

Online platforms are key drivers of innovation in the digital world and their success is closely tied to the success of a range of businesses that use platforms to reach customers. Platforms allow especially smaller businesses to extend their operations beyond their home state, catering for consumers across the entire Single Market.
SOME FACTS AND FIGURES ABOUT ONLINE PLATFORMS

EU citizens are increasingly using online services, in particular social networks, online shopping, and online content consumption.

There is a large diversity of online platforms and other online services in Europe, with almost 10 000 high-growth SMEs trying to scale up in the EU Single Market.

1. The online platform economy continues to grow in importance and the 242 largest companies accounted for a total market capitalisation of over EUR 6 trillion in 2018, having increased from around EUR 4 trillion in 2016.

2. The value is concentrated around the seven largest companies, which account for 69%.

3. Although there are over 10 000 EU platforms, most of these are start-ups and they account for only 2% of total value.

Source: https://dutchitchannel.nl/612528/dutch-transformation-platform-economy-paper-kpmg.pdf
CHALLENGES AND RISKS ARISING FROM THE PLATFORM ECONOMY – AND THE EU’S REGULATORY RESPONSE

Successful online platforms benefit from considerable economies of scale once the number of users on each side grows – as does the amount of data these platforms accumulate over time. This frequently leads to a situation where a few platforms become powerful gatekeepers to information and content, as well as to markets (which they often create themselves - thus determining the rules of the game for access to these markets, and the conditions on these markets.) This allows a highly efficient matching of supply and demand in markets of unprecedented size, but the centralised power of intermediaries also opens a scope for different forms of abuse.

In the past few years, the European Union has successfully addressed many of these challenges. For instance, it has addressed privacy concerns, updated consumer protection rules, adopted a number of regulatory, co-regulatory and policy measures to address the problems related to illegal content or disinformation, strengthened fairness and redress in the relations between large platforms and their small business users, etc. It has also used its powers under competition law to address instances of abuses of dominant market power.

<table>
<thead>
<tr>
<th>Specific Issues</th>
<th>Policies and legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfair practices of online platforms vis-à-vis their business users; no redress in case of problems</td>
<td>Regulation on promoting fairness and transparency for business users of online platforms.</td>
</tr>
<tr>
<td>Dissemination of illegal content online, such as incitement to terrorism, illegal hate speech, child sexual abuse material, infringements of IP rights</td>
<td>Recommendation on measures to effectively tackle illegal content online. New Copyright Directive. Revised Audio Visual Media Services Directive for video-sharing platforms. Proposal for a Regulation on Terrorist content online. Regulation on explosive precursors. Structured dialogues to tackle illegal hate speech online, terrorist content, child sexual abuse material, counterfeit products, etc.</td>
</tr>
<tr>
<td>Need to protect fundamental rights: personal data of EU citizens</td>
<td>General Data Protection Regulation</td>
</tr>
<tr>
<td>Abuse of dominant position</td>
<td>Use of EU competition law, ongoing reflection on competition policy in the digital age</td>
</tr>
<tr>
<td>Unfair consumer commercial practices, consumer protection rules ill-suited to digital world</td>
<td>A New Deal for Consumers</td>
</tr>
<tr>
<td>Tax avoidance</td>
<td>Application of EU competition law, in particular as regards state aids, proposals for a fair taxation of the digital economy</td>
</tr>
<tr>
<td>Misuse of online platforms by malicious actors to spread disinformation, impacting democratic participation</td>
<td>Self-regulatory Code of Practice, coordinating swift interventions with online platforms; Support for independent fact checking and media literacy activities</td>
</tr>
</tbody>
</table>
THE PLATFORM-TO-BUSINESS REGULATION

The Regulation (EU) 2019/1150 (EU) “on promoting fairness and transparency for business users of online intermediation services” entered into force on 31 July 2019. It shall apply from 12 July 2020. It addresses the imbalance in bargaining power between online platforms and small businesses conducting their business on the platforms.

47% of all EU enterprises use at least one type of social media in 2017, mainly to build their image and to market their goods and services


And for consumers:
58% of Europeans use social media at least once a week
Over four in ten Europeans do so every day or almost every day (+4 since autumn 2016)

See Eurobarometer 88 of Nov 2018.

82% of European SMEs rely on search engines to promote their products and services.

1 million businesses in the EU are selling goods and services via online platforms.

As from 12 July 2020 (when the Regulation becomes applicable), the terms and conditions of online platforms:

- Have to be drafted in **plain and intelligible language**.
- Cannot be changed without an **advance notice** of at least 15 days.
- Need to exhaustively spell out any reasons that could lead to the **delisting** of a business user.
- Have to list the main parameters that determine the **ranking** of search results (this also applies to search engines like Google).
- Have to include information about any ways in which a platform that sells on its own marketplace might give **preferential treatment to its own goods or services**. (This also applies to search engines like Google).
- Have to be clear about the **data policy** of the platform – what data it collects, whether and how it shares the data, and with whom.

In addition, the Regulation makes it easier for business users to **seek redress** in case of problems:

- Platforms have to immediately provide business users with a **statement of reasons when they delist** (some of) their goods or services.
- They need to provide an effective and **easily accessible complaints handling mechanism** (e.g. to challenge delistings).
- They need to engage in **good faith** in any mediation attempts.
- **Organisations** representing business users have the right to take actions before national EU courts to stop or prohibit non-compliance with this Regulation.
OUTLOOK FOR THE FUTURE

Online platforms operate in a very dynamic environment. For this reason, the Commission set up an EU Observatory on the Online Platform Economy to monitor the evolution and identify emerging challenges. Among the topics the Observatory is looking at are: issues related to data access and use, non-discrimination, algorithmic decision making or ranking.

The platform-to-business regulation is an example of an adaptive regulation. A fast review cycle has been envisaged, as the Commission will review it after 18 months as from its date of application to adjust it to changing technological needs.

Given the importance of competition and level-playing field in this sector, there is also an on-going reflection on competition law challenges in the digital age. The report written by three special advisors to Competition Commissioner Vestager, published in April 2019, gives recommendations on how competition policy should evolve to continue to promote pro-consumer innovation in the digital age and ensure complementarity between ex ante regulation and ex post competition law.

A new Digital Services Act will upgrade our liability and safety rules for digital platforms, services and products, and complete our Digital Single Market.

We also need to develop a joint approach and common standards to tackle issues such as disinformation and online hate messages. To this end, the Commission will put forward a European Democracy Action Plan. It will address the threats of external intervention in our European elections. It will include legislative proposals to ensure greater transparency on paid political advertising and clearer rules on the financing of European political parties.
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