



Final Reports

Expert Group for the Observatory on the Online Platform Economy

Introductory remarks by the Chairman



Introductory remarks by the Chairman



1. The journey of the Observatory and its expert group so far

The set of reports which this introduction accompanies represent the outcome of the work that the expert group of the Observatory for the Online Platform Economy (“the Observatory”) has undertaken over the past two years.

To recall, the Commission set up the Observatory on 26 April 2018¹, tasking it with monitoring and analysing developments in the online platform economy.

Following a competitive selection process, in September 2018 the Commission appointed, for a 2 years term, 15 independent experts as members of the expert group² for the Observatory on the Online Platform Economy. This expert group took on the challenge of looking at some of the most prominent issues in the online platform economy.

From the onset, it was clear to the group that narrowing down the scope of its work was in itself a daunting task. The Commission Decision establishing the Observatory had defined a list of broad topics, ranging from ranking to data-related practices, and the public debate around these over the past years has revealed numerous angles for looking at those issues and beyond them. Over the recent years, thousands of pages have been written on platform-economy-related issues - by academia, government bodies, think tanks and many more. The single greatest point of consensus emerging was that the growing importance of the online platform economy raises new and complex policy and regulatory challenges.

Aiming to add its voice to this chorus in a meaningful way, our expert group selected three topics to focus on in the first year of activity: measurement of the online platform economy, access to and use of data by platforms, and differentiated treatment by platforms. In July 2020, the Observatory published the progress reports that the expert group had produced on these topics. The progress reports did not seek to provide final answers or make policy recommendations, but rather to open the debate to identify priority areas for further research, analysis and policy scrutiny. Over the summer, a consultation period gave all interested stakeholders the opportunity to comment on the reports. The reactions received

¹Commission Decision of 26.04.2018 on setting up the group of experts for the Observatory on the Online Platform Economy (C(2018) 2393 final).

² <https://ec.europa.eu/digital-single-market/en/expert-group-eu-observatory-online-platform-economy>

from stakeholders and the further research work³ conducted under the guidance of the Observatory allowed the experts to further refine the reports, in particular the one on data, and converge on conclusions, which these final reports present.

Also in 2020, the expert group decided to engage with an additional topic, which was becoming increasingly relevant for the policy conversation in the EU and not only – namely platforms’ power in markets and beyond.

Now, at the end of its mandate, the expert group puts forward the set of papers which represent its final report. Its objective has been to inform the policy work of the Commission, by providing independent views on some of the key questions that have arisen in connection to the platform economy. We believe that we have achieved that objective, through an insightful analysis of our selected topics. At the same time, we see the reports as non-exhaustive. While these have strived to provide some answers or at least guidance on how answers might be found, they undoubtedly still leave fair amount of questions for the Observatory to look into going forward.

2. Contents of the reports

The **Report on Measurement and Economic Indicators**⁴ remains unchanged in relation to the first version as far as the indicators assessed are concerned. The report aims to identify the indicators that could be used to monitor the online platform economy for the purposes of policy making and further regulation, and to recommend actions for making data available in the areas where it is currently lacking. The report suggests that actors such as statistical agencies and industry associations should collect more data on a variety of aspects such as trade mediated by platforms or turnover generated on online platforms. It also offers suggestions as regards new, more conceptual approaches to measuring platform size and “data on data”, and makes recommendations concerning data generated by the internal complaint-handling procedures mandated by the P2B Regulation.

The focus of the **Report on differentiated treatment**⁵, which has been subject to limited edits compared to its first version, is an analysis of differentiated treatment as a potential source of ‘unfairness’ in the relationship between platforms and their business users in the online platform economy. It distinguishes between practices of self-favouring, whereby a platform gives preferential treatment to its own vertically integrated activities over those of rivals, and more general practices of differentiated treatment where one or more business users are treated more favourably than others. The report concludes that it is desirable to keep monitoring the sector closely and conduct focused studies to scrutinise the impact of

³ In April 2019, the Commission also contracted an external consultant – PPMi/Open Evidence. The contractor has been tracking the evolution and providing an overview of the online platform economy. It is supporting the Observatory and the experts by gathering evidence and analysing data concerning emerging issues in the online platform economy.

⁴ Author: Vili Lehdonvirta; co-authors: Bernhard Rieder, Elisabetta Raguseo, Doh-Shin Joen, Inge Graef and Joris van Hoboken.

⁵ Author: Inge Graef; co-authors: Doh-Shin Jeon, Bernhard Rieder, Joris van Hoboken and Martin Husovec

problematic practices. **The Report on Data in the online platform ecosystem**⁶ has been further developed from the progress report draft. The structured overview that it aims to present, of how data is generated, collected and used in the online platform economy, and what the main policy issues are in these regards, has been further refined based on Observatory research. The report concludes by identifying key issues which, in the view of the authors, deserve further analysis. It emphasizes that the Observatory reflections on the topic of data are still work in progress and recommends that the Observatory continues to work on this beyond the mandate of this expert group.

On platform power, the Expert Group has prepared **two contributions: one is a report focusing on platforms power in general and the other is a case study focusing on online advertising**. The first report, *Uncovering blindspots of platform power*⁷, takes stock, in a multi-disciplinary approach, of platform power sources and issues resulting therefrom. Platforms have generated great innovation and created convenient services for consumers, as well as facilitating access to markets for businesses, all of which has made some of them tremendously successful. This very success has, over time, due inter alia to network and scale effects, resulted in a situation where few platforms wield unprecedented power in several markets and in our society more general. In this environment, there is a growing debate about the implications of this power – economically, such as for businesses and consumers who use the platforms, but also more broadly, from a societal perspective. The COVID-19 crisis has made even more visible the major role taken up by platforms. The expert group’s paper on this topic attempts to map out some of these issues. The second report, *Market power and transparency in open display advertising: a case study*⁸ is as an illustration, by means of a case study, of platform power in a particular market.

3. Next steps

The expert group’s work on the online platform economy has unfolded during a time when the themes of its analysis are the subject of important policy developments. The EU has been responding with a multi-step approach to the new challenges brought on by the rise of platforms. Its aim is more than ever to unlock the potential of data and digital technologies in Europe⁹. As it has been the case so far, the Observatory, and the expert group in particular, should, in my view, continue, to feed into the next stages of that process with a view to support the Union’s high ambitions to ensure safe, fair and contestable digital markets.

One of the contribution areas should be related to the review, planned for 2022, of the Regulation on promoting fairness and transparency for business users of online intermediation services (“P2B-Regulation”), which entered into force on 12 July 2020.

⁶ Author: Teresa Rodríguez de las Heras Ballell; co-authors: Jeanette Hofmann, Inge Graef, Sophie Stalla-Bourdillon, Doh-Shin Jeon, Annabelle Gawer and Agata Majchrowska

⁷ Author: Inge Graef and Christoph Busch; Co-authors: Jeanette Hofmann and Annabelle Gawer

⁸ Author: Doh-Shin Jeon

⁹ Communication by the European Commission, ‘Shaping Europe’s Digital Future’, 19 February 2020, https://ec.europa.eu/info/sites/info/files/communication-shaping-europes-digital-future-feb2020_en_4.pdf

A second set of topics is related to the new digital strategy disclosed by the Commission on 19 February 2020 and in particular to the recently adopted Digital Services Act and the Digital Markets Act¹⁰ legislative proposals. The Digital Markets Act aims to tackle many of the issues flagged by the expert group's papers, such as the dependence of business users on platforms and unfair trading practices deployed by some of the largest platforms, including practices related to data. The Commission proposals will draw in 2021 intense attention and active involvement from stakeholders and co-legislators throughout their negotiations with the Parliament and the Council over the course of 2021. The expert group could make valuable contributions to this process.

In addition, the multi-faceted nature of issues in the platforms-dominated ecosystems and the fast pace of technological change leave room for potential further policy action. Political changes at global level can also play a role in triggering new policy initiatives, as indicated for example by the "new EU-US agenda for global change"¹¹ put forward by the Commission, which inter alia announced that "the EU will propose a new transatlantic dialogue on the responsibility of online platforms". Clearly, the expert group should also be invited to feed the preparatory work of the Commission on these topics.

To conclude, I am convinced that the Observatory remains as needed and as relevant as it was at its setup, even if its functioning and some of the provisions related to the experts' involvement and contributions could possibly be further improved. The analyses conducted by the independent expert group have already fed into the existing policy initiatives, with valuable insights. Going forward, this work can continue to be deepened and expanded, so that it can help the EU to have a comprehensive and sound approach towards the regulation of the online platform economy, one of the most complex policy areas of our times.

The Commission has announced a selection process for a new mandate of the expert group that will commence in 2021. I am convinced that the renewed group, which could include a limited number of experts who were part of the initial team, will be able to build on a good foundation of thinking and research that the Observatory has developed in its first two years of existence.

Finally, I would like to extend my most sincere thanks to my colleagues of the expert group. I am glad to do so not only for the work which has been completed, but also for the extremely enriching experience that the exchanges within this group have brought to me and, I hope, to all the experts. The latter's scientific excellence was matched only by their commitment to making our joint endeavour a success. I feel honoured and proud to have been able to chair such an impressive group.

On their behalf and in my own name, I would also like to extend our gratitude to all the other individuals who have assisted us in our work (and even regularly substituted for our shortcomings). I am referring in particular to the fantastic European Commission staff members, the outside academic experts and the members of external contractors' teams.

Bruno Liebhäberg
Chairman of the expert group

¹⁰ <https://ec.europa.eu/digital-single-market/en/digital-services-act-package>

¹¹ https://ec.europa.eu/info/sites/info/files/joint-communication-eu-us-agenda_en.pdf