ANTIMONOPOLY OFFICE OF THE SLOVAK REPUBLIC

E-commerce sector inquiry - preliminary findings

Ivona Fillova
Antimonopoly Office of the Slovak Republic
Current Trends in Slovak and European Competition Law
Bratislava, 22 May 2019

Basic information

- Questionnaires distributed at the end of August 2018
- 6 categories of products chosen (electric domestic appliances – “black and white“ categories of products, mobile devices, baby carriage articles, house and garden products, sport and outdoor products)
- 30 wholesaler and 115 retailers with online websites requested
- Evaluation of the contributions still going on

Challenges

- Making the questionnaire simple and understandable even for smaller market players
- Ensuring the anonymity of the respondents (Slovakia is a small market, “everybody knows everybody“ - retaliatory actions against smaller retailers possible)
- Elimination of potential self-incrimination questions
- Many brands of the products distributed via the wholesalers **situated abroad** (mainly in the Czech Republic, but also in Hungary or Poland)
  - ➢ Difficulties with communication and receiving the information
  - ➢ Need for more effective cooperation between the competition authorities in the future?
    - implementing the new ECN directive 2019/1 may help

Preliminary findings I

- Slovak online markets still developing
- The growth generally slower than in the neighbouring countries (mainly compared to the Czech market which is more dynamic), but the rate of growth varies from year to year and differs from category to category
- Online sales represent 25-30% in Slovakia according to the estimated figures, there is still potential for growth
- Offline channel still important for the Slovak customers (“touch and feel“ aspect still relevant)

Preliminary findings II

- Types of online retailers:
  - A few bigger pure online retailers that offer a broad range of products from different categories (important market players with the activities in the Czech market)
  - Traditional offline retailers specialised in certain categories of products that introduced their online channels to stay competitive (some of the websites only as a marketing tool, not as a “real“ retail channel)
  - Many small retailers that offer the products purely online – specialised in certain category of products (often doing business from the „living room“)
- Lower costs for storage and personnel
- Higher costs for IT services, new marketing tools and strategies, adjustments to the legislation changes (GDPR, customer rights and protection, etc.), logistics (delivery of products on time) – not all retailers are able to cover the costs and stay competitive in the long run

Preliminary findings III

- Slovak online retailers **do not sell via the marketplaces** – it may change if any relevant platform entered the Slovak market (Amazon?)
- Slovak Online retailers have to be active on **comparison websites** to stay competitive
  - ➢ Price is the most relevant for consumers - they can easily compare the offers
  - ➢ Customer reviews matter, but are just one-sided – retailers do not have the opportunity to respond directly to the negative reviews
  - ➢ “per click“ and „positioning“ costs increase
  - ➢ The offers of dishonest retailers occur and affect fair competition

Subjects of further evaluation

- The role of selective distribution systems in Slovakian retail markets within the mentioned categories of products
- Existence of potential vertical restrictions within the online markets concerned

Thank you for your attention!

ivona.fillova@antimon.gov.sk