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Republic of Serbia
Commission for the Protection of Competition

**SECTORAL ANALYSIS
REPORT
OF THE STATE OF COMPETITION IN THE MARKET OF DIGITAL
PLATFORMS FOR MEDIATING THE SALE AND DELIVERY OF MAINLY
RESTAURANT FOOD AND OTHER PRODUCTS**

2020-2021

YEAR 2022

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INTRODUCTION

Pursuant to Article 47 of the Law on Protection of Competition (“Official Gazette of the Republic of Serbia”, number 51/09 and 95/13, hereinafter referred to as: Law) and Decision of the Council no.1/0-05-662/2021-2 as of September 29, 20213, the Commission for the Protection of Competition (hereinafter: Commission) conducted the sectoral analysis of the state of competition in the market of digital platforms for mediating the sale and delivery of mainly restaurant food and other products.

The reasons that affected the choice of this sector are the dynamic development of the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products and frequent changes in the ownership structure of market participants, as well as the adoption of new acts in the European Union that regulate certain aspects of online business platforms, and above all platforms that have market power. In addition, the Commission recognized the need to analyze partnership and contractual relations between digital platforms, their partners and internet service providers.

The report on the conducted sector analysis is divided into several larger parts:

Methodological and legal framework of the analysis; Basic characteristics of the structure and state of the market; Relations with partners from the point of view of digital platforms; Relations with digital platforms from the point of view of partners (restaurants); Analysis of contractual relations; Concluding considerations and recommendations.

I THE METHODOLOGICAL AND LEGAL FRAMEWORK OF THE ANALYSIS

1. SUBJECT AND GOAL OF THE ANALYSIS

The subject of the analysis was determining the relationship between competitors on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products, which included the analysis of the regulatory framework, assessment of market shares, analysis of contractual relations and commercial policies of market participants.

The main goal of the analysis was to review and analyze the state of competition on the market in question and point out potential problems in terms of limiting or any other type of infringement or prevention of competition.

The analysis covered a period of two years (2020 and 2021).

2. METHODOLOGICAL FRAMEWORK AND DATA SOURCES

The analysis was carried out using a combination of the desk method, which primarily referred to the analysis of the relevant legal framework, and research methods through surveys. Collected data (primary and secondary) were grouped, processed and presented in the form of tabular reviews.

The main data sources were:

- data submitted by market participants, i.e. data submitted by digital platforms for mediation in the sale and delivery of mainly restaurant food and other products;
- data submitted by market participants' partners, i.e. data submitted by catering service providers (hereinafter: **caterers**) and
- other publicly available data.

The analysis was conducted in two stages. In the first phase, the Commission addressed the request for the delivery of data to market participants who, based on publicly available data, determined that they are involved in the business of mediation in the sale and delivery of mainly restaurant food and other products through specific digital platforms, namely:

- Wolt doo (hereinafter: **Wolt**) which has been present on the market of the Republic of Serbia since 2018¹;
- Glovoapp Technology doo (hereinafter: **Glovo**) which has been present on the market of the Republic of Serbia since 2019²;
- CarGo Technologies doo, which as part of its primary activity developed the CarGo Butler application (hereinafter: **CarGo Butler**) which started operating in October 2020 and
- Alideda doo (hereinafter: **Alideda**) which has been present on the market of the Republic of Serbia since 2018;

¹ During 2022, the business of Wolt was taken over by DoorDash, Inc.

² In June 2021, the company Glovoapp Emea SL from Spain became the sole member of the company Plotun doo. Also, the company Delivery Hero will become the majority shareholder in the company Glovo in the coming period.

Also, certain business data on the market participant Plotun doo, owner of the Donesi brand, were requested from Glovo market participants (hereinafter: **Donesi**) which was active in the observed period.

Market participants were sent requests for data delivery in the form of a questionnaire containing a total of 54 questions with open answers divided into four groups. Market participants were asked to submit completed questionnaires to the Commission with special reference to:

- description of the business model (key activities, key user categories, key resources, product rating system, order tracking system, etc.);
- manner and scope of digital platform operations;
- information about relations with partners (establishment of cooperation, definition of commercial conditions of cooperation, display of partners (restaurants/merchants) on digital platforms, influence on prices of products offered on digital platforms, termination of cooperation, etc.);
- assessment of the state of competition in the market of digital platforms for mediating the sale and delivery of mainly restaurant food and other products.

In order to analyze contractual relations, market participants were asked to submit to the Commission copies of contracts/agreements with restaurant partners, with the five most important delivery partners, with digital distribution platforms, with technical partners, as well as documentation related to the organization of promotional activities and copies of contracts/agreements regarding the display of digital platforms on Google business profiles.

As part of the second phase, the Commission addressed a selected sample of caterers with a request for data delivery. The request in the form of a questionnaire contained a total of 50 questions divided into two groups and represented a combination of questions with open (unstructured) and closed answers. The caterers were asked to submit a completed questionnaire to the Commission with special reference to:

- information about cooperation with digital platforms (method of establishing cooperation, assessment of satisfaction with cooperation, assessment of negotiating position, display on digital platforms, participation in promotional activities, impact on prices of products offered on digital platforms, termination of cooperation, etc.);
- information regarding the exchange of data with digital platforms;
- assessment of the state of competition in the market of digital platforms for mediating the sale and delivery of mainly restaurant food and other products.

On that occasion, the Commission requested the delivery of data to the addresses of 227 caterers. The criteria that were taken into account when forming the sample were the presence of digital platforms on the territory of certain territorial units, the local geographic positioning of caterers and the diversity of their offer. The sample encompassed the caterers whose facilities belong to different categories (restaurant, fast food facility, express restaurant, pastry shop, cafeteria...), and which, based on publicly available data, could be assumed to use or not use the services of digital platforms. Also, the presentation of caterers in different categories on digital platforms (best rated, caterers who offered free delivery or some other promotion, etc.) was taken into account. In addition, the Commission tried to include in the sample the caterers with or without their own website and/or mobile application.

3. RELEVANT LEGAL FRAMEWORK

When it comes to the relevant legal framework, it should be noted that there is no special regulation that regulates the activity of mediation in the sale and delivery of mainly restaurant food and other products via digital platforms.

The Law on Electronic Commerce ("Official Gazette of RS", no. 41/2009, 95/2013 and 52/2019) shall be applied as the basic regulation related to this area. Given that mediation in the sale and delivery of mainly restaurant food and other products is provided remotely, as a rule for a fee through electronic data processing and storage equipment, at the personal request of the service user, it could be considered a service of the information society in the sense of the Law on Electronic Commerce³. In accordance with the Law on Electronic Commerce, the provision of information society services is free and no special license or approval is required for the provision of these services.

In addition to the aforementioned regulation, market participants, since they are companies that perform activities in the field of information technology, must comply with all relevant general and other by-laws in the Republic of Serbia. Also, partners (deliverers, restaurants, merchants...) of market participants must perform their activities in the manner stipulated by the relevant regulations of the Republic of Serbia.

³ The information society service is defined in Article 3 of the Law on Electronic Commerce as a service that is provided remotely, as a rule for a fee through electronic equipment for data processing and storage, at the personal request of the service user, and in particular Internet commerce, offering data and advertising via the Internet, electronic search engines, as well as enabling searching for data and services transmitted over the electronic network, providing access to the network or storing data of service users.

II BASIC FEATURES OF THE STRUCTURE AND SITUATION ON THE MARKET

1. BASIC MARKET FEATURES

Digital platforms are basically intermediaries that connect two or more groups of users. In other words, digital platforms can be defined as virtual places where users can either act independently or perform transactions with other groups of users using algorithms.

Key features of digital platforms are economies of scale, network effects and control over data. Economy of scale is one of the characteristics of digital platforms due to high fixed and low variable costs, bearing in mind that once the platform covers all fixed costs, the number of users can be increased with low additional costs. When it comes to network effects, it is possible to distinguish between direct and indirect network effects. Direct network effects occur when the increase in the number of users affects the growth of the platform's value⁴, while indirect network effects occur when the increase in the number of users on one side of the platform affects the growth in the number of users on the other side of the platform. Control over data, i.e. disposal of a large number of personal and behavioral data, are very effective tools of targeted marketing.

The competitive advantage of digital platforms is based on innovation and pricing policy. Digital platform markets can be characterized by a high degree of concentration, i.e. the existence of a dominant position of one participant in the market, as well as the presence of a vertically integrated platform that has a dual role, i.e. acts both as a platform operator and as a user of its own platform. Such a situation on the market, as well as the creation of high entry barriers for new potential competitors, can be influenced precisely by the characteristics of the digital platform market (network effects, high investments in research and development, control over data, etc.) The dynamics of competition on the market of digital platforms depends on the characteristics of their business models, as well as on the possibility of simultaneous use of multiple digital platforms by all categories of users (multihoming) and, to that end, the cost of switching from one platform to another.

The classification of digital platforms is given in table number 1:

Table 1–Classification of digital platforms

Digital market	Booking, eBay, Uber, Amazon, Glovo, Wolt...
Digital search	Google, Yahoo, Bing, Baidu...
Digital repository	YouTube, GitHub, Wikipedia...
Digital communication	Viber, Skype, WhatsApp, Snapchat...
Digital community	Facebook, LinkedIn, Twitter, Instagram...
Digital payment	PayPal, Adyen, Square...

Source: Digital Platform Map, Ron Meyer

Digital platforms are characterized by several different business models. While some platforms are part of larger ecosystems, others are more specialized, providing only one service. The rapid

⁴ Facebook and Instagram are examples of digital platforms where direct network effects are pronounced.

development of electronic commerce has influenced the appearance of various forms of business such as B2B (business to business), C2C (customer to customer), B2C (business to customer) and O2O (online to offline). The growing use of digital platforms for mediating the sale and delivery of mostly restaurant food as one of the fastest growing phenomena within electronic commerce contributed to the development of O2O business to a large extent.

Digital platforms for mediation in the sale and delivery of mainly restaurant food and other products represent a multilateral (two-sided, i.e. three-sided) market that provides infrastructure, facilitates transactions, i.e. interactions between users by reducing search costs and contributes to connecting actors at opposite ends of the exchange, enabling way of creating value.

In practice, three business strategies can be distinguished, that is, three types of business models of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products:

- i. a business model that only involves receiving orders via a digital platform;
- ii. a business model that includes receiving orders and organizing delivery via digital platforms;
- iii. a business model of vertically integrated platforms ("full-stack model") which, in addition to receiving orders and organizing delivery via digital platforms, also includes food preparation.

Within the first type of business model, digital platforms act only as intermediaries between end users and partners (restaurants, retailers...). The digital platform receives the order and forwards it to a partner who organizes the delivery independently. Within this business model, partners are charged a certain fixed percentage of commission.

Another type of business model involves receiving orders through a website or mobile application and organizing delivery through a digital platform. Within this business model, partners are charged a certain fixed percentage of commission, while end users are charged a fee for the delivery service, which usually depends on the geographical distance.

The third type of a business model, in addition to receiving orders and organization of delivery, also includes the preparation of food in the so-called virtual kitchens or "ghost kitchens" (cloud/ghost kitchen). The main feature of this business model is taking control over the entire value chain.

2. BUSINESS MODELS OF MARKET PARTICIPANTS OF THE REPUBLIC OF SERBIA

Starting from the definition of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products and the classification of business models, as well as from the answers provided by market participants and surveyed caterers, it could be concluded that the business model of only one market participant (Alideda) belongs to the first type since this participant does not hire delivery people. When it comes to the business of other participants in the market, although it can be said that their business models predominantly belong to the second type, new tendencies have been observed that go or can go in the direction of creating or establishing cooperation with the so-called virtual restaurants.

Taking into account all the specifics of the business models of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products, it is possible to single out several of the most significant segments that characterize them:

- key resources;
- key categories of users;
- key activities;
- order tracking system;
- product/services rating system;
- online payment integration.

All market participants cited their web applications that can be accessed through Internet browsers as well as mobile applications available on different operating systems, as **key resources** of their business models. In this regard, all market participants indicated that their mobile applications can be downloaded from the Google Play (Android operating system) and App Store (iOS operating system) distribution platforms, with two market participants indicating that their mobile applications are available and on the Huawei AppGallery distribution platform. One of the market participants pointed out that the exception is the application for partners, which cannot be downloaded from any distribution platform, but comes pre-installed on the iPad device (iOS operating system) intended for restaurant partners.

In addition, all market participants stated that the choice of distribution platforms was motivated by the desire to make them available to as many users as possible. In this regard, when it comes to the global/local ranking of mobile applications on distribution platforms, some market participants stated that the ranking of applications is arranged by an algorithm based on several criteria. The most important criteria are the rating that the application has on the specific distribution platform, which is formed based on the ratings of the users of the application, the category to which the application belongs (eg travel, food, drinks, etc.) and the total number of downloads of the application by users on the specific distribution platform.

Also, market participants indicated that their applications can be found through paid ads on social networks and other advertising services (Liftoff, Facebook ads, Snapchat, Twitter ads, Google ads, etc.).

When it comes to the **key categories of users**, the market participants listed end users (consumers) and service providers (restaurants/merchants and delivery people) as the most important categories of users, depending on their business model.

In terms of **key activities**, market participants cited intermediary services, i.e. networking and connecting users in search of food or consumer goods, partners (restaurants and retailers) who offer their products, as well as delivery partners who offer delivery services, if the business model provides for it.

In addition to primary intermediary activities, one market participant stated that his business model includes other activities, among which is the launch of supermarkets closed to the public. This "quick commerce" represents the latest trend in the field of e-commerce, which is followed by more and more digital platforms. It means that small quantities of goods are provided to customers almost instantly, whenever and wherever they need them. Also, this market participant stated that his business model includes an activity related to a special type of order in the application that allows ordering anything from any store/restaurant by entering the name of the desired product in a special text box. Furthermore, this market participant announced in his answer the future planned activity on the market related to mediation in the delivery of packages, from the pick-up address to the delivery address, without the obligation to purchase the product.

The order tracking system, according to market participants, functions based on notifications of changes in the status of the order that are updated systemically or by partners and/or deliverers, as well as based on sending the geolocation of the deliverer at certain time intervals. Once the delivery person collects the order, its current geolocation and path is tracked with the help of the global positioning system (GPS), which is made possible by the use of "smart" phones by the delivery person. Depending on the platform, the display of the progress of the order can be monitored within the platform, while the status of the order can also be distributed through "push" notifications, with the help of which the user is informed about whether his order is in preparation, in delivery status or has been delivered. Additionally, as certain market participants state, the user can check the status of his order at any time by sending a query to the platform. Only one of the market participants stated that, in accordance with its business model, it does not have this system at its disposal.

The product/service rating system, according to market participants, aims to enable the monitoring and improvement of the quality of products and services provided to users by service providers (restaurants and deliverymen), because positive ratings help users in their selection. The rating of products and services is on voluntary basis. If users decide they want to give their rating, they are expected to provide accurate feedback, based on their objective view of the quality of the product and the service provided. Ratings are generally assigned in the range of 1 to 5, where the lowest indicates absolute dissatisfaction with the product or service, while the highest represents absolute satisfaction. Users can also leave a comment that is visible to partners, but not to other users. In addition, some of the digital platforms use user rating information to block service providers with low ratings, while some product ratings include user settings and search history, availability of relevant products, average preparation time, percentage of incomplete orders, number of canceled orders, charged price, pickup location, radius and delivery area, and estimated delivery time.

An important segment of business models of digital platforms is the **integration of online payments**. All market participants stated that the collection of receivables from end users, in addition to cash collection, can also be done through payment cards.

3. MARKET STRUCTURE

The analysis of the market structure of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products in 2020 and 2021 was carried out based on data on the

amount of business income generated in the territory of the Republic of Serbia. The business income of market participants in 2020 amounted to about 1.3 billion dinars (about 11 million euros), while in 2021 the business income amounted to about 2.4 billion dinars (about 20 million euros), which means that business income grew by over 80%.

Overview of market shares of market participants is given in table number 2:

Table 2 - Overview of market shares according to the amount of business income, 2020-2021

Market participant	2020	2021
Donesi	/50-60/%	/30-40/%
Glovo	/10-20/%	/20-30/%
joint market share of Donesi and Glovo		/60-70/%
Wolt	/20-30/%	/30-40/%
CarGo Butler	/0-5/%	/0-5/%
Alideda	/0-5/%	/0-5/%

Source: Data on market participants

Based on the data shown in table number 2, it can be seen that it is a highly concentrated market and that in 2020 three digital platforms stood out. After taking over the Donesi brand in June 2021, market participant Glovo gained a market share of /60-70/%. Also, in 2021, there was an increase in the market share of the first next competitor, Wolt, which achieved a market share of /30-40/%. The value of the Herfindahl–Hirschman Index in 2020 was 4,363 points, and in 2021 it increased by 904 points to 5,267 points.

The analysis of the market structure was also carried out by taking into account the number of all deliveries/orders for each territorial unit (city/municipality) separately. Overview of market shares of market participants is given in table number 3:

Table 3 - Overview of market shares by number of deliveries/orders, 2020-2021

Град/општина	2020. година						2021. година				
	Donesi	Glovo	Wolt	Cargo Butler	Alideda	укупно	Donesi + Glovo	Wolt	Cargo Butler	Alideda	укупно
Београд	/60-70/%	/10-20/%	/10-20/%	/0-5/%	/0-5/%	100,0%	/70-80/%	/20-30/%	/0-5/%	/0-5/%	100,0%
Нови Сад	/70-80/%	/5-10/%	/10-20/%		/0-5/%	100,0%	/70-80/%	/20-30/%		/0-5/%	100,0%
Ниш	/90-100/%	/0-5/%				100,0%	/80-90/%	/10-20/%			100,0%
Панчево	/80-90/%	/10-20/%				100,0%	/80-90/%	/10-20/%			100,0%
Суботица	/80-90/%	/10-20/%				100,0%	/70-80/%	/20-30/%			100,0%
Крагујевац	/90-100/%	/0-5/%				100,0%	/90-100/%	/5-10/%			100,0%
Лесковац	/90-100/%					100,0%	/90-100/%				100,0%
Чачак	/90-100/%					100,0%	/90-100/%	/0-5/%			100,0%
Крушевац	/40-50/%				/50-60/%	100,0%	/70-80/%			/20-30/%	100,0%
Јагодина	/90-100/%					100,0%	/90-100/%				100,0%
Краљево	/90-100/%					100,0%	/90-100/%	/5-10/%			100,0%
Врање	/90-100/%					100,0%	/90-100/%				100,0%
Зрењанин	/90-100/%					100,0%	/90-100/%				100,0%
Вршац	/90-100/%					100,0%	/90-100/%				100,0%
Зајечар	/90-100/%					100,0%	/90-100/%				100,0%
Ужице	/90-100/%					100,0%	/90-100/%				100,0%
Сомбор	/90-100/%					100,0%	/90-100/%				100,0%
Пожаревац	/90-100/%					100,0%	/90-100/%				100,0%
Пирот	/90-100/%					100,0%	/90-100/%				100,0%
Врњачка Бања	/90-100/%					100,0%	/90-100/%				100,0%
Смедерево	/90-100/%					100,0%	/90-100/%				100,0%
Шабач	/0-5/%				/90-100/%	100,0%	/0-5/%			/90-100/%	100,0%
Когоник	/90-100/%					100,0%	/90-100/%				100,0%
Ваљево	/90-100/%					100,0%	/90-100/%				100,0%
Сремска Митровица					/90-100/%	100,0%				/90-100/%	100,0%
Аранђеловац							/90-100/%				100,0%
Бор							/90-100/%				100,0%
Бачка Топола							/90-100/%				100,0%
Златибор							/90-100/%				100,0%
Укупно:	/70-80/%	/10-20/%	/10-20/%	/0-5/%	/0-5/%	100,0%	/70-80/%	/20-30/%	/0-5/%	/0-5/%	100,0%

Source: Data on market participants

Based on the data shown in table number 3, it can be seen that during 2020, only one market participant (Donesi) was present on the territory of 24 territorial units (city/municipality)⁵, and that, with the exception of two territorial units, more than /40-50/% of all orders was made through this digital platform. Overall, it can be seen that the highest percentage of all deliveries/orders (/70-80/%) was made through this digital platform. In 2020, market participant Glovo was present in the territory of six territorial units, while market participants Alideda and Wolt were present in the territory of five and two territorial units, respectively. Only one digital platform (CarGo Butler) was present in the territory of only one city in the observed period. The tendency to expand to the territories of other territorial units was recorded in 2021 by two market participants, Glovo and Wolt, with the largest part of all deliveries/orders (/70-80/%) in 2021, after the takeover of the Donesi brand, realized through the Glovo digital platform.

⁵ The commission did not have data on the number of orders within the city municipalities of the city of Belgrade.

4. BARRIERS TO MARKET ENTRY

According to the so-called Harvard definition, entry barriers are considered to be all those costs that make it difficult to enter the market, if this enables existing participants to appropriate economic profit in the long term, that is, sustainably. The broadest division of barriers is the division into legal and economic barriers.⁶

Legal (administrative) barriers are based on some legal act that limits the number of market participants by banning entry, issuing entry permits, protecting intellectual property rights, or establishing various institutional barriers (e.g. regarding the registration of market participants), etc. Economic (factual) barriers arise from the very way of organizing a certain activity and the specifics of the technology used. These barriers can arise due to elements of economies of scale, successful innovative activities, etc. An important economic barrier can be the established market position of an existing entrant, especially if this is the result of its acquired reputation, experience or developed brand, which means that new entrants would have to bear significantly higher customer acquisition costs (e.g. advertising costs, large discounts in prices, etc.) from the costs incurred by existing participants in acquiring customers. The amount of these costs can be determined by various factors that influence the position of market participants, such as consumer loyalty, consumer shopping habits, the importance of advertising, the existence of so-called exclusive contracts, etc.

When it comes to the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products in the Republic of Serbia, it is necessary to point out that neither domestic companies, nor market participants that are owned by parent companies based abroad, except for the usual registrations in the national register of companies were not obliged to fulfill some other, special legal and regulatory prerequisites (obtaining a license, etc.) for the performance of registered activities. As the activity classification does not provide for a separate code for the provision of mediation services in the delivery of food through the use of digital platforms, two participants in the market registered as their predominant activity the performance of consulting activities in the field of information technology, under the activity code 6202, while three participants registered as their predominant activity the performance of activities of advertising agencies under activity code 7311. In addition to the above, the Commission found that in its founding act, one market participant, in addition to its main activity, also listed other activities that he can perform to the extent permitted by the relevant regulations, in particular citing mediation in the sale of food, beverages and tobacco (4617), service activities in land transport (5221), postal activities of commercial service (5320), activities of restaurants and mobile catering facilities (5610), other publishing activities (5819), management of an economic entity (7010), activities of communications and public relations (7021), business and other management consulting activities (7022), media representation (7312), market research and opinion polls (7320), combined office administrative services (8211) and call center activities (8220).

When it comes to the amount of funds that, according to market participants, were invested in the development and production of a specific digital platform, no participant provided precise information. However, one market participant stated that, taking into account the investments in the modification and adaptation of its existing application to the market in question, [...] dinars

⁶ Begović B., Labus M., Jovanović A (2008), *Ekonomija za pravnike*, Faculty of Law, University of Belgrade, Publishing center Belgrade

(about [...] euros) were invested in the development and production. Another market participant, whose technological development of the platform is financed by the parent company abroad, stated that the estimated investment in its system at the global level in the period from January 1, 2020 to September 30, 2021 amounted to about XXX euros. The other two market participants stated that they do not have information about the amount of invested funds.

Market participants also pointed out that, in their opinion, there are no regulatory, administrative and other types of technical barriers to their business in the Republic of Serbia. One market participant stated that the only "barriers" he had encountered so far mostly related to the challenges that arose together with the corona virus pandemic and the adoption of certain regulations, such as regulations that limit the movement or work of restaurants and other partners during the pandemic. On the other hand, one market participant stated that one of the challenges in the initial period was the establishment of a payment system in accordance with the requirements of the National Bank of Serbia (hereinafter: NBS); Namely, according to that participant, the NBS required a local payment system specific to the Republic of Serbia, which includes only domestic banks and applies payment models that are available through domestic banks (e.g. *Google Wallet* was not a valid payment method in the Republic of Serbia, etc.).

Taking into account the dynamics on the market of digital platforms in the past period and the existence of possible barriers to entry for new market participants, it is also necessary to point out that at the end of 2021, the market of digital platforms for mediating the sale and delivery of mostly restaurant food and other products, the entry of a new competitor was recorded, Pin Technology doo, owner of the digital platform Mister D (hereinafter: Mister D), whom the Commission additionally addressed for the delivery of certain data and information. According to that market participant, it was necessary to invest significant funds in platform development, marketing, advertising and infrastructure development. Therefore, in order to get to know the public better and more widely, Mister D achieved cooperation with a market participant, the owner of the CarGo Butler platform, which included commercial advertising of the Mister D platform through stickers on vehicles that provide CarGo services, through flyers in vehicles, as well as through newsletters that are delivered to users of CarGo services by e-mail every time the service is used.

Also, the company Bolt Services doo is registered in the Republic of Serbia, the only member of which is Bolt Technology OÜ from Estonia, which can be a potential competitor in the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products.

In addition, the existence of a certain number of less represented local digital platforms, i.e. services for mediating the sale and delivery of food (GIMME FOOD, Mljacko, etc.), which currently do not exert significant competitive pressure on the leading digital platforms, was also determined.

Based on the submitted responses of market participants, the Commission can state that there are no legal (institutional) barriers to the entry of new participants into the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products in the Republic of Serbia. On the other hand, the Commission states that investments of significant funds in the development of the platform, marketing and advertising, including the purchase of branded equipment and promotional material, as well as investments in the purchase of technical equipment (equipment for receiving orders, etc.) can represent an economic barrier to entering the market. and that new entrants, potential competitors, may have higher user acquisition costs when entering the market. Also, the Commission believes that investments in the name of

integration with the systems and services of global Internet service providers, as well as the conclusion of partnership agreements with Internet service providers, may represent an entry barrier for new market participants.

The Commission is of the opinion that pronounced indirect network effects on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products may imply competition for the market, instead of competition within the market.

Every digital platform, regardless of its market share, has a certain degree of so-called intermediary powers. The mediating power of the digital platform is reflected in the ability to provide its partners with a greater number of end users, and thus a greater number of transactions, than the partner could provide independently. They build their mediating power of digital platforms in such a way that by offering incentive programs (discounts, promo codes, cashback, etc.) they bind as many end users (consumers) to themselves as possible. Given the pronounced network effects of the market in question, potential competitors in the digital platform market may have higher acquisition costs not only of end users, but also of partners.

Also, the Commission notes that the consequence of collecting a large amount of data about platform users, as well as of their habits and activities on the platform, can produce significant effects both on the supply side and on the demand side. Algorithms that take into account the above data can influence the improvement of existing products and services and the creation of new ones. Also, the aforementioned algorithms can influence consumer decisions by providing them with structured information on other dimensions of competition based on reviews and ratings, not just on prices. Nevertheless, the Commission expresses concern regarding the accumulation of a large amount of data on users, their activities and habits, considering that this may lead to the strengthening of the position of existing market participants, as well as the creation of barriers for the entry of new participants to the market in question.

5. ASSESSMENT OF THE STATE OF COMPETITION BY MARKET PARTICIPANTS

In order to analyze and evaluate the state of competition on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products, market participants were asked to state their own view of the conditions of competition. In this regard, the market participants were also asked to indicate whether and what kind of market analyzes were performed, before and after the establishment of business activities on the market in question.

Regarding the motives and reasons that influenced the decision to enter the market of digital platforms for mediating the sale and delivery of mainly restaurant food and other products in the Republic of Serbia, market participants cited a favorable business opportunity, encouraging expansion into new markets and the intention to offer users different services, that is, new, technically superior solutions. One market participant stated that before making the decision to enter the market of the Republic of Serbia, they prepared an extensive business case study in which the behavior of users and competitors, the percentage of digital penetration, payment methods and discussions with representatives of potential partners were investigated. In addition, they developed a set of questionnaires for local councilors to make decisions about the operating model. One of the market participants stated that when making the decision to enter the market, they held discussions with restaurant owners, and determined that the market of digital platforms for mediating the sale and delivery of food, needs an alternative to the existing participants. Additionally, one market participant stated that the new circumstances that arose as a result of the pandemic, and the nature of his activity in terms of connecting users and service providers, influenced the decision to modify and upgrade the existing application, that is, to develop a new platform in order to enter the market in question.

Market participants stated that, according to their view, the biggest problem is that it is a highly concentrated market where large investments are necessary when entering, but also in order to survive on the market. As they further state, it is a dynamic and volatile market where digital platforms offer aggressive commercial conditions to all participants (partners, suppliers and end users).

When it comes to ex-post analyses, i.e. market analyzes following the establishment of business activities, two market participants indicated that they did not perform any analyses, while the other two participants indicated that certain analyzes were performed in terms of partner satisfaction surveys and brand awareness research.

Based on the submitted answers, the Commission states that market participants believe that it is a highly concentrated market where there are economic barriers that greatly affect market dynamics.

III RELATIONS WITH PARTNERS FROM THE POINT OF VIEW OF DIGITAL PLATFORMS

1. COOPERATION WITH PARTNERS (RESTAURANTS/MERCHANTS)

Market participants were asked to submit data on the total number of partners (concluded partnership agreements) with whom they had cooperation in the observed two years, an overview of which is given in Table 4:

Table 4 - Overview of the number of concluded contracts⁷, 2020-2021.

XXX

Source: Data on market participants

Based on the data presented, it can be seen that in 2020, the market participant Donesi had the most concluded contracts. The market participant Glovo had the most concluded contracts, active on the last day of 2021, after taking over the Donesi brand.

1.1. Establishing cooperation with restaurants/merchants

The elements of cooperation with partners (restaurants/merchants) are regulated by concluded contracts or general business conditions. Market participants were asked to explain how cooperation with partners is established and to state the criteria that are taken into account when making a decision on establishing cooperation.

Initiatives to establish cooperation, according to market participants, were mutual in the observed period. The general criteria that market participants took into account when choosing a potential partner include location, number of outlets, quality of products or services, popularity of the partner's brand, assessment of the possibility to prepare and deliver food to the customer within a reasonable time, high ranking of the partner in the results searches on Google, etc.

When it comes to the technical prerequisites for cooperation, i.e. the conditions required for the installation and operation of applications for partners (restaurants/traders), only one of the participants stated that there are no special conditions for this, and that it is suitable for the installation and operation of the application for partners any device. On the other hand, one market participant stated that to receive orders, *Apple iPad* devices with an installed application and a SIM card are needed to ensure that the device has mobile internet at all times. According to one market participant, working with that platform requires partners to connect to the network via a partner web application or to integrate using their API (application programming interface). As further stated, the partners can use the web application on any device of their choice, however, they recommend and supply them with a separate tablet device. One market participant stated that the necessary conditions for installation and operation of applications for partners are an adequate Internet connection and an installed web browser, regardless of the type of device. However, as they further state, based on the business cooperation agreement, the partners receive tablets, which are necessary for receiving orders.

The said equipment for receiving orders was given to the partners by the market participants for an appropriate fee or they were granted the right to use the appropriate device for free for the period of duration of the contractual relationship.

⁷ XXX

Market participants pointed out that in the observed period, a certain number of partners refused to cooperate, with the following being the main reasons thereof:

- the partners' decision not to offer their products at all via *online* platforms;
- reasons of a technical nature (lack of capacity, insufficient or inadequate human resources, etc.);
- the specificity of the platform itself;
- reasons of commercial nature (amount of commission, cost of equipment, conditions offered by the competition, etc.);
- the so-called exclusive agreements partners have with other platforms.

The Commission notes that the recommendation and delivery of special equipment for receiving orders by digital platforms can lead to binding partners to only one digital platform, which in the end can lead to a reduction in the positive effects of the simultaneous use of multiple digital platforms (multihoming)⁸ by partners.

1.2. The possibility of negotiating the commercial terms of cooperation

In order to analyze and evaluate the state of competition on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products, market participants were asked to state the amount of commission charged to partners and to explain how its amount is determined. Also, market participants were asked to explain whether there is a possibility of negotiating the commercial terms of cooperation (amount of commission, duration of the contract, etc.).

An overview of the amount of commission charged by market participants to partners (restaurants/merchants) is given in table 5:

Table 2 - Overview of commissions for partners:

XXX

Source: Data on market participants

According to the data shown in Table 5, it can be seen that the amount of commissions charged by market participants with a similar business model to partners (restaurants) was XXX and amounted to a maximum of XXX%, i.e. XXX%.

Factors that, according to market participants, can affect the amount of the commission are:

- estimated average order value;
- estimated number of orders;
- type of activity (large international/national chain of restaurants/stores, etc.);
- product range (specific type of cuisine/food, ie goods, etc.);
- scope of sales/distribution network;
- limited offer in certain parts of the city;
- development of the local market;
- marketing investment by application partners, etc.

⁸ Solutions for consolidating several different digital ordering platforms into one integrated system (Cuboh, Orders.Co, etc.)

When it comes to the way in which the amount of commission charged to partners is determined, most market participants did not specify which costs are included in the commission. Market participants stated that the price for using the platform is calculated by applying an agreed percentage to the gross sales of products and/or services, as well as that it depends on several parameters (commissions may be lower if the orders contain a large number of items or if it is about products from the so-called "premium" product range). One market participant stated that payment costs are included in the commission, including the costs of electronic billing/processing through the payment processor, and that the amount of the commission is pre-defined by the business plan, and that it directly depends on the amount of costs and other qualitative parameters, as well as on expected desired earnings.

One market participant stated that the amount of the commission differs depending on the type of service, so the commission is the highest in the case of delivery, and the lowest for the provision of the reservation service, i.e. the so-called "table service". The other three market participants stated that they do not make a difference in the amount of the commission depending on the type of service (delivery, pickup, reservation).

Market participants stated that the benefits and the possibility to negotiate the commercial terms of the contract are available to all partners, with the fact that the negotiations in most cases are focused on the amount of the commission. According to their statements, the possibility of negotiation depends both on the size and strength of the negotiating partner and on one's own negotiating power.

The Commission states that the amount of commission charged to partners (restaurants) is subject to contracting, that is, negotiations. However, the Commission believes that emphasizing its intermediary power, which is reflected in the possibility of securing a large number of end users and transactions, digital platforms use as the main argument for establishing cooperation and defining commercial conditions, and thus determining the amount of the commission, which depending on the negotiating power of the partners may lead to the application of less favorable conditions of cooperation for restaurants.

1.3. Effect on prices of products offered on digital platforms

In order to analyze and assess the state of competition on the market in question, market participants were asked to indicate who and how determines the prices of products offered by partners on digital platforms. Also, market participants were asked to indicate whether there are differences between the prices in partner facilities and the prices of products offered on digital platforms.

According to certain market participants, partners (restaurants) determine the prices of products offered on digital platforms independently. Also, those market participants state that there may be discrepancies between the prices on their digital platforms and the prices at the partner's facility.

As the most common reasons why partners set higher prices for products on digital platforms compared to prices in their own facilities, one of the market participants stated the following:

- "The partner has an incentive to set higher prices for goods on the platform, which could motivate consumers not to use the platform, but to cooperate with them directly. This situation is especially emphasized when the partner has its own delivery in addition to the

platform. Namely, if the partner has already taken into account the costs of its own delivery when calculating its price, in that case they have a clear incentive not to cooperate with the platform but to enter into direct contact with consumers, and in that case they will offer a lower price when the platform is not used, and the platform itself in that case becomes only a tool for the promotion (marketing) of the partner.

- Partners have an incentive to bid higher on the platform to increase their share of revenue. By paying the platform fee, the partner must take into account the profitability of the order, i.e. in that case they will deliver higher prices to the platform so that his share of the income will be higher.

One market participant stated that he insists that the prices displayed on its platform are the same as when calling a partner (restaurant) by phone. Also, one market participant stated that the partner can undertake that products sold through its platform and delivery fees applied by the partner, will not be offered to users of that platform at higher prices than those offered by the partner on other platforms, in its own facilities or on its own platform. They further stated that, nevertheless, certain partners prefer to offer their products at lower prices outside the platform, especially in their own sales facilities.

When giving an assessment or a conclusion on the effects on the state of competition, the Commission used two basic types of provisions on parity, known as the "most favored nation clauses in the narrow sense" (*narrow MFN*), which refers to the setting of the same or more favorable prices and conditions of purchase on a specific digital platform in relation to the prices and terms of purchase on the partner's direct sales channel and the "most favored nation clauses in the broadest sense" (*wide MFN*), which refers to setting the same or more favorable prices and terms of purchase on a specific digital platform in relation to all other sales channels (partner's direct sales channel and other digital platforms)⁹. The commission believes that the observance of the above principles may result in the distortion or limitation of competition on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products. The Commission finds the reasons for this in the circumstances that by insisting that the prices be the same on all digital platforms (wide MFN), digital platforms lose the incentive to compete with each other in the amount of the commission. Also, the Commission believes that this may lead to the creation of entry barriers for other market participants, whose business strategy would be based on lower commissions. Also, insisting on the application of the principles from the most favored nation clause in the narrow sense (narrow MFN) by all market participants individually, consequently leads to the previously mentioned effects on the market.

1.4. Positioning partners on a digital platform and promotional activities

Visibility on digital platforms is very important in a situation where there is a large number of service providers, platform users. On the other hand, consumer decisions rely heavily on search tools offered by digital platforms. With that in mind, market participants were asked to indicate how the available partners are presented to end users, as well as whether there is a possibility of negotiating the order of their presentation.

⁹ https://competition-policy.ec.europa.eu/system/files/2022-05/20220510_guidelines_vertical_restraints_art101_TFEU_.pdf

Positioning of partners on the digital platform, according to market participants, can be automatic or customized within one of the predefined categories or subcategories in which partners are classified.

According to their statements, the position of the partner is determined by the algorithm based on the given criteria. So, for example, positioning can be done taking into account the partner's distance from the customer's location, average preparation and waiting time (estimated delivery time), number of orders, customer experience as well as ratings from other users (ratio of good and bad ratings), brand popularity and similar.

One market participant stated that in his case there is currently no possibility of negotiating the positioning of partners on the platform. Also, one market participant stated that the possibility of negotiation is formally not excluded, but that negotiation on this issue is rare in practice due to the intended way of displaying available partners on the platform.

Two market participants stated that the positioning conditions can be negotiated with any interested partner. In this regard, one of them stated that partners should offer a certain benefit to users in order to be displayed in a category whose content is manually edited.

Campaigns and promotions carried out by market participants in order to attract new users, encourage transactions on their digital platforms and influence the positioning of partners, took place continuously, through discount financing by digital platforms, partners or mutually. Promotional activities consisted of offering free shipping, flat delivery fees, discounts on certain menu items from restaurant partners, as well as obtaining and using promo codes and vouchers.

Promotional campaigns most often referred to the delivery of gift packages of products of certain brands when ordering from selected restaurants, as well as to cooperation with payment institutions (banks) and card organizations, which included the award of vouchers or reimbursement of delivery costs if payment is made with payment cards of certain brands (Visa, Mastercard) issued by certain banks.

Generally speaking, an algorithm represents a precisely defined process flow made up of a series of instructions and rules which, step by step, execute a procedure in order to obtain a certain result. The Commission notes that the design of the algorithms used to rank and display partners, i.e. the criteria taken into account (such as the number of orders) can affect the binding of partners to one digital platform, which in the end can lead to limiting the choice of partners on other digital platforms for end users, i.e. consumers.

Also, the Commission notes that the issue of neutrality, that is, the objectivity of the criteria taken into account when ranking/positioning partners can come to the fore in the case when digital platforms create the so-called virtual kitchens that deal only with the delivery of a certain type of food, as well as in the case when digital platforms in cooperation with restaurant partners create special virtual brands (restaurants)¹⁰.

¹⁰ <https://about.glovoapp.com/press/glovo-launches-virtual-food-brands-to-support-smbs-and-bring-greater-food-choice-to-consumers/>

1.5. Termination of cooperation

Duration of cooperation and termination are governed by contracts concluded with partners, i.e. general terms of business. In order to analyze and evaluate the state of competition on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products, market participants were asked to state whether there was a break in cooperation with any of the partners during the observed period, as well as the main reasons for that.

Market participants cited the following as the main reasons for the termination of cooperation in the observed period:

- expiry of the trial period;
- unsatisfactory sales results/lack of turnover and unprofitability of cooperation;
- lack of partners' capacity and resources;
- cessation of the partner's main activity;
- better conditions offered by competitors;
- signing the so-called exclusive contract between the partner and some other digital platform (exclusivity obligations meant that the partners were not allowed to sell their products and services through other platforms, even through channels owned by the partner).

The Commission notes that the break in cooperation in the observed period was due to organizational and financial reasons. However, some of the previous allegations of market participants cause concern to the Commission. Signing the so-called exclusive contracts, as well as the offering of various forms of discounts and other incentives that reward partners for "loyalty" to the digital platform, may have as a goal or consequence the exclusion of competitors from the market, which in the end may affect the reduction of the level of competition on the market in question.

2. COOPERATION WITH PARTNER SUPPLIERS

2.1. Establishing cooperation

The elements of cooperation with delivery partners are regulated by concluded contracts. In order to analyze and assess the state of competition on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food, market participants were asked to provide information related to the way of organizing delivery for end users.

In this regard, market participants stated that delivery partners are users of their applications and do not have a direct relationship with them. Contracts for the provision of services are concluded with companies or entrepreneurs who have the appropriate technical, material and human resources for the smooth performance of the delivery service.

Based on insight into the register of companies, the Commission determined that some of the companies/entrepreneurs with whom market participants had cooperation were registered for the performance of postal activities of a commercial service under activity code 5320, while the largest number of them were not recorded in the Register of issued and revoked licenses of postal operators.

According to the market participants, the delivery zones in the territory of the cities/municipalities where they operate depend mostly on supply and demand, that is, on the size of the population and the number of restaurants in certain parts of the territorial units. In order to determine the maximum visibility in terms of distance, the specific logistics of that location are taken into account, i.e. the maximum time for which delivery people can deliver orders to the user in accordance with the expected level of delivery.

When it comes to technical prerequisites for cooperation, all market participants pointed out that there are no special technical conditions for the installation and operation of applications for delivery partners. As a rule, delivery people must have a smart phone with access to the Internet and a geographic information system (GPS).

Factors taken into account by market participants (digital platforms) when assessing the number of delivery drivers required, among others, included the following:

- movement of the trend of the number of orders;
- the number of new users, ie the number of new partners;
- current and future marketing activities;
- important dates (eg holidays, etc.);
- forecasted weather conditions for a certain period;
- the efficiency of the delivery person.

The choice of a delivery person for a specific order is made based on an algorithm whose main goal is to reduce delivery time and potential delays. The selection is made by taking into account certain criteria, such as: the type of means of transport of the delivery person (car, bicycle or motorcycle), the geographical position of the restaurant, the distance between the restaurant and the customer, the estimated time for which the delivery person should arrive at the place of collection in relation to the time required to prepare the order, the condition of the delivery person in terms of cash, etc.

Also, according to the statements of all market participants, delivery partners with whom cooperation has been established are neither prevented by contractual provisions nor in any other way from being engaged by other digital platforms for mediation in the sale and delivery of mainly restaurant food and other products.

The Commission states that the collection of a large amount of data from all categories of platform users, their storage, analysis and selection in connection with the further use of that data, contributes to a better organization of the work of digital platforms and the improvement of algorithms. In this way, the overall user experience is improved (eg through a better estimation of the time required for delivery, i.e. through a shorter delivery time), which in the end result can lead to users becoming attached to a certain platform and strengthening its position on the market. Also, the Commission states that digital platforms do not only act as intermediaries that connect partners and end users with deliverers, but through their algorithms exert a significant influence on all important aspects of that relationship. Algorithms make it possible to select a delivery person who will carry out a specific order, supervise the execution of work (with the help of a global positioning system), as well as evaluate the work performed. Such a business concept may indicate a significantly more complex system of subordination of delivery partners and digital platforms, especially considering that the mobile application of the market participant actually represents a key basic tool for work. Therefore, the Commission believes that it is necessary to review the existing work regulations in domestic legislation, all with the aim of solving the question of whether digital platforms are actually just intermediaries in the context of relations with delivery partners.

2.2. Forming the delivery price

The delivery price is the fee charged to end users (consumers) for the delivery service. In order to analyze and assess the state of competition on the market of digital platforms for mediating the sale and delivery of mostly restaurant food and other products, market participants were asked to explain the method of forming/determining the delivery price.

In this regard, two market participants stated that the price of delivery primarily depends on the geographical position of the restaurant and the distance between the restaurant and the customer. One of the market participants pointed out that in some specific cases, due to commercial or operational challenges, a fixed delivery fee is agreed upon. One market participant stated that the delivery price is formed on the basis of "existing market delivery prices", as well as "an estimate of what price users would be willing to pay".

When it comes to determining the amount of the delivery fee, only one participant in the market stated that it is basically determined by the delivery person, with whom the contract on business cooperation is concluded.

When it comes to determining the amount of the delivery fee, only one participant in the market stated that it is basically determined by the delivery person, with whom the contract on business cooperation is concluded. XXX

3. COOPERATION WITH TECHNICAL PARTNERS

3.1. Technical partnerships

The establishment, regulation of relations and cooperation with technological and technical partners are key to performing activities of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products. Cooperation with technical partners enables market participants to use IT services and services necessary for the use of key resources and the implementation of key activities within their business models. Depending on the kind, type and scope of the required servicing or service, market participants have established partnerships with global and local technical partners.

All market participants stated that they have established a certain form of cooperation with some of the global IT service providers (Amazon, Hetzner, Google). Cooperation with global partners mainly related to the use of IT services and services based on specific forms of cloud computing such as data storage and applications, various levels of integration of libraries and the application programming interface (API) of Google Maps, use of services for displaying and tracking geolocation (GPS), advertising on search engines, etc.

Local technical partnerships have been established with payment service providers. Additionally, one market participant stated that in the observed period, they had a technical cooperation with a local IT company for the purpose of server rental, system maintenance and *telehousing* services (placing servers and other IT equipment in the premises of the service provider).

Two market participants stated that cooperation with global technical partners was established by their parent companies located abroad, while local technical partnerships were established by subsidiaries registered in the Republic of Serbia.

Bearing in mind the business concept of market participants, the Commission concludes that the connection and integration of digital platforms with digital services and services of their primarily global technical partners can significantly affect their market power.

3.2. Displaying digital platforms on Google business profiles

The importance of the cooperation of digital platforms with global internet service providers is best illustrated by the way digital platforms are displayed in the search results of the largest global internet service provider Google, i.e. the example of integrating digital platforms for ordering food into Google company profiles.

*Google Business Profile*¹¹ is a tool of the company Google that is displayed in a prominent place in the results when internet search users in Google Search and Google Maps search for a business, i.e. products or services such as those offered by a business. *Google Business Profile* enables Google search users to access information about a business (data on activity, type of products and services, address data, phone numbers, information on working hours, photos of products and services, customer ratings and comments, etc.) without the need to visit the official website of a particular company. Owing to the integration with Google maps and the global

¹¹ Google business profiles - https://www.google.com/intl/sr_rs/business/

positioning system (GPS), the Google profile of the company offers the possibility of finding it on the map and navigating to the desired destination.

Google Business Profiles contain different functionalities depending on the type of business. Thus, on the profiles of companies from the category of catering establishments, it is possible to accept online food orders by using the highlighted option "Order" within which there are "links", i.e. links to web pages from which food orders can be made. Links to web pages from which food can be ordered can be placed on the Google business profile manually by the profile manager¹², while certain links are placed automatically by Google and lead directly to the websites of companies that are partners of Google in the specified segment. business.

Two market participants stated that they have signed a framework agreement with Google that regulates the way they are displayed on the Google business profiles, and that they have such agreements with Google at the level of parent companies. However, one of the market participants who stated that he does not have any agreement or contract with the Google platform, noted that, according to his knowledge, certain global digital ordering platforms automatically link their platforms to the Google profiles of catering businesses. In addition, he stated that it is possible to remove the mentioned links from company profiles only by contacting the technical support of those digital platforms. He also stated that it is not possible to contact Google to remove automatically placed links.

Analyzing the concept of Google search, as well as the answers provided by the market participants and surveyed caterers, the Commission concluded that the company Google significantly uses its position on the market of digital search platforms in such a way that, using unlimited sources of data and metadata based on trends on use of search, develops its own products, services and tools that it then integrates into its search and commercializes them. These products, services and tools are usually free for end users and in the function of improving the user experience, but actually have a pronounced commercial dimension that is reflected in the creation of profits based on providing the opportunity to third parties, partners of the company Google, to reach as many consumers as possible using often with inappropriate business practices¹³.

Also, bearing in mind the nature of the market in question, the Commission concluded from all of the above that the development and implementation of the "Order" tool for Google business profiles by the company Google affects the creation of a market environment in which the partnerships of the company Google with certain market participants can contribute to the distortion of competition on the market in question.

¹² As a rule, managers of a Google business profiles do not have to be formal owners of the specific company (Google business profile - https://www.google.com/intl/sr_rs/business/)

¹³ <https://digitalcommons.law.scu.edu/cgi/viewcontent.cgi?article=3636&context=historical>

IV RELATIONS WITH DIGITAL PLATFORMS FROM THE PARTNER'S (RESTAURANTS) POINT OF VIEW

1. COOPERATION WITH DIGITAL PLATFORMS

1.1. Establishing cooperation

In order to analyze and evaluate the state of competition on the market of digital platforms for mediating the sale and delivery of mainly restaurant food and other products, caterers were asked to explain, from their point of view, how cooperation with digital platforms was established. Also, caterers were asked to state which factors influenced their choice of a digital platform, i.e. their decision to refuse cooperation.

Analyzing the answers submitted by the surveyed caterers, it was determined that the initiatives for establishing cooperation in the observed period were bilateral, with the fact that a slightly larger number of cooperation were established at the initiative of digital platforms. All the surveyed caterers stated that the following reasons were extremely important for their decision to establish cooperation with digital platforms: epidemiological situation, attraction of new users, income growth, new business opportunity, monitoring of new trends on the market and development (improvement) of the hospitality brand.

As reasons for choosing only one digital platform, caterers most often cited the following: a) for the sake of simpler business, only one platform was sufficient; b) only one platform was available in their city; c) more favorable conditions that they received by choosing only one digital platform; g) signing the so-called exclusive contract with the chosen digital platform.

On the other hand, the most common reasons for being present on two or more digital platforms, according to the caterers surveyed, were to increase the volume of work and visibility.

When it comes to choosing a specific digital platform, the largest number of surveyed caterers who gave their ratings stated that they chose the digital platform Glovo in the first place because of the size of the platform's user base. The level of the commission and the quality of the service provided to consumers immediately follow (application design, visibility, easy restaurant finding, the ability to track the status of the order, the ability to rate the service provided and delivered products/meals, etc.). The Wolt digital platform was chosen by the largest number of surveyed caterers primarily because of the quality of service provided to consumers. Next comes the size of the platform's user base and the acceptance of all payment methods. When it comes to the CarGo Butler platform, the largest number of caterers stated that they chose this platform in the first place because of the high commission. Also, some caterers stated that they chose this platform because of the speed of delivery and customer support. The largest number of caterers chose the Alideda digital platform because of the high commission. A certain number of caterers also submitted an assessment of the criteria on the basis of which the Donesi digital platform was selected, with the largest number of them stating that they chose this platform because of the wider delivery zone, the quality of service provided to consumers and the acceptance of all payment methods. This is followed by the ability to monitor the success of promotional activities and the size of the platform's user base.

Regarding the special conditions for establishing cooperation, in addition to the technological prerequisites in the sense of the obligation to take a special device necessary for operational business and communication with the digital platform, a certain number of caterers pointed out

that the cooperation was conditioned by cooperation only with that platform, participation in promotional activities, minimal amount of the order or by paying fixed amounts regardless of the number of orders.

Regarding the importance of using digital platforms as an intermediary, it was determined that the share of revenue generated by delivery via digital platforms ranged from 1% to 90% of total sales among caterers surveyed in the observed period.

As the main advantages of cooperation with digital platforms, the surveyed caterers cited the possibility of ordering by end users and the possibility of advertising, i.e. marketing activities. Analyzing the submitted answers of the surveyed caterers, one can note that in the observed period there was a clear tendency to increase the amount of funds invested in marketing on an annual basis. It was also established that caterers have a high level of awareness of the importance of the geographical positioning of their catering facilities, investing in various marketing techniques, and especially the importance of modern ways of connecting and communicating with consumers. Nevertheless, a certain number of caterers pointed out that cooperation with digital platforms has no advantages since, in their opinion, it is imposed.

Evaluating cooperation with digital platforms, caterers stated that they were mostly satisfied. Those caterers who, according to their opinion, had certain problems, stated that it was mainly about: a) poor communication with the managers of digital platforms; b) the fact that payment periods are not subject to negotiation; c) the impossibility of organizing delivery beyond the digital platform; g) the existence of concessions for the use of couriers with whom the platform cooperates, while the arrival intervals of the couriers are too long; d) change of conditions (commission) after expanding the business to other platforms, etc.

Those caterers who did not establish, or refused to cooperate with any of the digital platforms in the observed period, cited the following as the main reasons for such a decision, among others:

- the fact that each platform is an additional procedure and an additional device that clutters their point of sale;
- capacity fulfilment;
- satisfaction with the platform/platforms with which they already cooperate and the absence of a need for new cooperation;
- ineligibility of platforms for their type of restaurant, i.e. their range of products;
- a large number of complaints from users;
- excessive commissions and unrealistic terms in contracts;
- better conditions offered by another platform.

A certain number of surveyed caterers stated the following as a reason for refusing cooperation with other digital platforms: "due to cooperation with Glovo", that is, "due to the contract with Glovo".

On the other hand, only one caterer stated that the digital platform refused to cooperate with him and cited the restaurant's great distance from the city as the reason thereto.

Finally, caterers were asked to state whether, in their opinion, there are barriers (financial, technical, administrative...) to establishing cooperation with digital platforms. Those caterers who gave a positive answer stated that it is primarily a question of financial barriers, which are primarily related to excessively high commissions. For example, one caterer stated that, in his opinion, the huge commission costs, along with keeping the product prices as in the bar and the

already small margin, make cooperation with digital platforms completely economically pointless. Also, one caterer cited weak communication with digital platforms and greater privileges as far as marketing is concerned for larger and stronger catering facilities as a barrier to establishing cooperation. In addition, a certain number of caterers stated that, in their opinion, barriers when establishing cooperation with digital platforms exist primarily in the domain of exclusivity of cooperation. According to their knowledge, as they further state, certain digital platforms that operate in the Republic of Serbia often condition contractual benefits (discounts, etc.) with exclusivity, that is, with an obligation that a hospitality establishment will not cooperate with other digital platforms. In addition, they point out that the benefits that come with exclusive cooperation, in the form of discounts, etc., are a strong incentive for all hospitality establishments to opt for only one digital platform, and that the strength of this incentive lies primarily in the fact that it significantly reduces the costs of hospitality establishments. In this way, according to their opinion, price competition on the market of digital platforms is significantly reduced, which directly harms consumers.

In addition, one of the caterers stated that his restaurants, like a large number of others, do not have access to certain digital platforms. As he further states, certain catering establishments that offer the same type of specialties as his restaurants are exclusively present on only one digital platform, as a result of which his restaurants have no possibility of competition or presence through that digital platform.

Based on the submitted answers of the surveyed caterers, the Commission concludes that the caterers have recognized the advantages brought by cooperation with digital platforms. However, some of the previous allegations of the caterers surveyed, especially those related to barriers to establishing cooperation with digital platforms, cause concern to the Commission. Existence of exclusivity as a goal, that is, as a consequence, can have the exclusion of competitors from the market, which in the end result can affect the reduction of the level of competition in the market in question, that is, limiting the choice of restaurants for end users.

1.2. The possibility of negotiating the commercial terms of cooperation

The opposing power of the partner could be interpreted as the negotiating power that the partner (restaurant) has in business negotiations in relation to market participants due to its size, that is, business importance for a specific digital platform. Therefore, competitive pressure on market participants is not only exerted by competitors, but also by their partners (restaurants).

An analysis of the responses submitted by the surveyed caterers found that the majority of them were not aware of the costs included in the commission charged by the digital platforms. One caterer pointed out that digital platforms charge for the use of the platform, apparatus and packaging, as well as marketing services if an agreement is reached regarding such cooperation.

Also, the largest number of surveyed caterers stated that they were not aware of the factors that were taken into account when determining the specific amount of the commission. A certain number of them stated that the amount of the commission was influenced by the average value of the order, the estimated number of orders, the need to manage their account on the platform, that is, the required paper bags.

The caterers were asked to evaluate their position both in negotiations regarding the amount of the commission and in negotiations regarding other commercial conditions, in relation to all digital platforms with which they had established cooperation. Caterers could choose one of the answers on a scale at one end of which was the answer "fairly weak" and at the other "fairly strong", with the majority of them rating their position in relation to digital platforms as rather weak to equal.

Based on the submitted answers, the Commission concludes that the surveyed caterers had the opportunity to negotiate commercial conditions, but that they were not able to use their negotiating power to a significant extent to achieve more favorable conditions in cooperation with market participants (digital platforms).

1.3. Effect on prices of products offered on digital platforms and the delivery price

In order to analyze and evaluate the state of competition on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products, caterers were asked to indicate who determines the prices of the products offered on digital platforms, as well as whether there are differences compared to product prices in their stores.

In this regard, almost all of the caterers surveyed stated that they determine the prices of products offered on digital platforms independently.

When asked if there are differences in the prices of products in the facility and prices on digital platforms, a certain number of surveyed caterers stated that these differences exist, mainly due to commissions and current promotions and actions. The caterers who gave a negative answer stated that the differences do not exist because they have a single price list and that, in their opinion, such behavior is not professional and does not comply with the law. However, one caterer stated that the conditions of cooperation with the digital platform were defined so that the prices do not differ, which was the main reason for the termination of cooperation, because, according to him, the commissions are too high.

Regarding the existence of differences in product prices on different digital platforms, the largest number of caterers stated that there are no differences. As reasons for this, they cite a single price list, professionalism, correct attitude towards consumers, i.e. equal treatment of customers on all digital platforms and the fact that, in their opinion, the existence of different prices is not according to the law. A certain number of caterers who answered affirmatively stated that the differences exist due to the different commissions that the platforms charge them, promo codes and discounts, which depends on the cooperation with the platform itself.

When it comes to the influence on the price of delivery, the largest number of surveyed caterers stated that they do not influence the price of delivery, while those who answered positively stated that it is a question of situations in which they organize delivery independently.

Based on the submitted responses of the surveyed caterers, the Commission concludes that if there were differences between the prices of products in the caterer's sales premises and the prices of the same products on the digital platform/digital platforms, they were the result of current promotions and actions, and to a certain extent, different contracted commissions.

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1.4. Positioning partners on a digital platform and promotional activities

The manner in which positioning (ranking) is performed on a specific digital platform greatly affects the choice of end users (consumers), but also the business success of partners who offer their products. Positioning refers to the relative visibility of the partner's offer and is the result of the use of algorithmic mechanisms, rating mechanisms or reviews, visual information or their combination.

Based on the analysis of the answers submitted by the caterers, it was determined that it was possible to influence the positioning/order of presentation on the digital platform by paying for the position, that is, by renting the promotional space. Also, caterers stated that the position, according to the information they received from individual platforms, is determined by an algorithm taking into account the number of orders and user ratings. Thus, one caterer pointed out that the order of presentation, in addition to payment, is influenced by its own operational excellence, which affects the algorithms of digital platforms. Also, one caterer stated that the position was agreed upon before the start of the cooperation.

In addition, caterers stated that they can influence their positioning through actions, discounts, participation in thematic promotions, free deliveries, etc. Analyzing the answers of the surveyed caterers who answered positively to the question about participation in promotional activities, it was determined that this participation was initiated mainly at the suggestion of digital platforms. The most common forms of promotions that the surveyed caterers cited were: a) participation in promotions with discounts on certain products, whereby the cost of the discount is shared proportionally between the platform and the caterer; b) promotions in which the platforms waive the commission, and the caterers give a discount on the price of the product; v) promotion of free delivery for orders over a certain amount, but where the caterer bears the costs of such delivery. Certain caterers surveyed stated that they participate in promotions and actions because, according to them, they are not visible otherwise. Certain caterers surveyed stated that they participate in promotions and actions because, according to them, they are not visible otherwise. There are also cases where caterers participate in promotions when, according to them, they add a new dish to the menu or open a new virtual restaurant, so they start with promo codes and a 50% discount.

When asked whether, according to their knowledge, their establishment was displayed on any of the digital platforms without having concluded a contract/agreement on cooperation with that platform, very few of the caterers surveyed answered positively, stating that this was the case with the digital platform Glovo and the courier service Padrino.

Based on the submitted answers of the surveyed caterers, the Commission notes that the ranking or preferential positioning is subject to contracting or negotiation. Bearing in mind the importance of visibility on digital platforms, the Commission considers it necessary to have predictability and transparency of the criteria on the basis of which the ranking is determined, including the possibility of actively influencing the position by paying the appropriate fee.

1.5. Termination of cooperation

Termination of the contract, under certain conditions contained in the concluded contract, was available to each contracting party. In order to analyze and evaluate the state of competition on the market of digital platforms for mediating the sale and delivery of mainly restaurant food and

other products, caterers were asked to indicate whether they had terminated cooperation with any of the digital platforms during the observed period and why.

To that end, caterers cited the following as some of the reasons why cooperation with one of the digital platforms was terminated in the observed period:

- cessation of operation of the digital platform;
- poor organization when delivering food (small number of delivery people, long delay when delivering orders);
- lack of work/reduced user response;
- impossibility of organizing delivery by the establishment (obligation to use only courier services with which the platform cooperates);
- reduction of complexity and relief of capacity, i.e. inability to simultaneously monitor too many devices for receiving orders;
- high commissions;
- more favorable conditions if only one digital platform is used;
- better conditions offered by other digital platforms,

In addition, a certain number of surveyed caterers stated that in the coming period they plan to end cooperation with digital platforms, primarily due to high commissions, that is, the fact that digital platforms represent a financially unsustainable model for most restaurateurs. To that end, a certain number of caterers stated that the obstacle to terminating cooperation with digital platforms is a long notice period or payment of a penalty.

Based on the responses received from the surveyed caterers, the Commission concludes that the decision to end cooperation with digital platforms was primarily influenced by organizational and financial conditions. XXX

2. EXCHANGE OF DATA WITH DIGITAL PLATFORMS

The phenomenon of Big data represents a significant innovation in the functioning and development of the digital economy. The concept of Big Data can be explained with four "Vs" (Volume, velocity, variety, value)¹⁴. Also, the phenomenon of Big data implies that data come from different sources and have different formats - from structured data (numerical data presented in tabular form, in programs for processing tables, in data files of many software for statistical data analysis, in traditional relational databases and etc.), through semi-structured data (log files, e-mails, XML and HTML documents, etc.) to unstructured data (videos, photos, maps, diagrams, sound recordings, machine-generated data from various sensors from active or passive systems, i.e. GPS signals from mobile devices, etc.)

The generation of an increasing amount of data in business systems leads to the creation of conditions for a new type of competition - competition based on competitive analytics. It is the case of competition that is based on the use of a large amount of data, analytics and fact-based decision making¹⁵.

Digital platforms for mediating the sale and delivery of mainly restaurant food collect and analyze a large amount of data including personal data of users, order history, current contents of

¹⁴ Stucke M. E., Grunes A. P. (2016), *Big Data and Competition Policy*, Oxford University Press.

¹⁵ Davenport, T.(2006), *Competing on Analytics*, Harvard Business Review.

the "basket", traffic conditions, ratings and comments of users including posts and comments on social networks, etc.

When asked about the exchange of analytical data between digital platforms and restaurant partners, a slightly larger number of surveyed caterers stated that digital platforms provide them with some of the details of the order (name and surname of the user, e-mail, address, phone number, ratings of the delivered food, etc.). The caterers who gave a negative answer stated that they believe that this is the user base of the digital platform, as well as that the platforms do not provide this data to protect the user's privacy. One of the caterers stated that, in his opinion, digital platforms are protected in this way, that is, user data is saved so that caterers would not contact them directly.

The Commission notes that, from the point of view of digital platforms, in addition to legal ones, there may be economic barriers to the exchange of data generated by using the services provided by the platforms. The ability to access and use data plays a central role in the value creation process in the platform economy. Namely, the collection, analysis and control of a large amount of data enable digital platforms to increase business transparency, improve their performance, segment the user database in more detail, improve marketing activities and the business decision-making process, but also to create new products and services similar to products and services offered by platform partners.

3. ASSESSMENT OF THE STATE OF COMPETITION BY THE CATERER

In order to analyze and evaluate the state of competition on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products, caterers were asked to give their own view of the conditions of competition on the subject market.

The largest number of caterers pointed out that they are generally satisfied with the state of competition, stating that during 2021 there was a significant development of this market and the improvement of services provided by digital platforms. Some of them also mentioned several possibilities through which digital platforms could improve their business (larger number of delivery people, better communication with the client, better daily reports, etc.) and thus influence better conditions of competition in the market in question.

Also, according to the opinion of a certain number of caterers, although there was a greater possibility of choosing digital platforms in the territory of certain municipalities, this did not affect the reduction of the commission amount. One caterer stated that digital platforms mutually monitor the conditions they give to partners and that the commission amount is not something that is significantly negotiated.

When asked whether they perceive digital platforms as competitors, a smaller number of caterers responded positively, stating that digital platforms represent risk-free intermediaries that lure users away from the online shop on their website with large discounts. Some of the caterers stated that digital platforms are more visible at the local level, that they have more users, that they can lower the price of delivery or give better terms and that they are therefore more competitive. Also, one of the caterers stated that he perceives digital platforms as competitors for the reason that, according to him, they develop other brands that do not operate in accordance with the laws. One of the caterers stated that he perceives digital platforms partly as competitors, due to their large presence on the Internet and in the media, as well as due to aggressive marketing campaigns, where the end result is a situation in which end users begin to consider that digital platforms are the only way to order food, without information about the costs and conditions borne by the producer of that food.

Based on the responses submitted, the Commission states that digital platforms not only act as intermediaries that enable restaurant partners to have a larger number of users, but also have a significant impact on the restaurant market. Bearing in mind the importance of visibility and the design of algorithms, the competition between restaurants present on the digital platform comes down to a battle for rank, that is, a position within a category. On the other hand, the Commission states that partner restaurants perceive digital platforms as competitors to some extent, given that owing to the integration with global internet service providers and marketing campaigns, the use of digital platforms is imposed on end users.

V ANALYSIS OF CONTRACTUAL RELATIONS

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The analysis of the Contracts and Terms submitted as part of the Sectoral Analysis revealed provisions that result in conduct that could cause concern to the Commission in the sense that they represent behavior that is (1) exclusionary in the first line - aimed at excluding other platforms, (2) exploitative/ exclusively in the second line - aimed at discrimination of restaurants through the application of unequal business conditions, and there is even a possibility that certain contractual provisions can be subsumed under (3) limiting technical development.

VI CONCLUDING CONSIDERATIONS AND RECOMMENDATIONS

1. CONCLUDING CONSIDERATIONS

Based on the collected data and the conducted analysis of the state of competition on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products, the Commission made the following conclusions:

- Digital platforms for mediation in the sale and delivery of mainly restaurant food and other products are basically intermediaries that connect two or more groups of users (partner restaurants/merchants, delivery partners and end users). The market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products is characterized by dynamic development, frequent changes in the ownership structure of market participants, high investments in research and development and disposal of a huge amount of data. Also, this market is characterized by essential dependence on technology, analytical tools and algorithms, which have a decisive influence on their visibility on distribution and other digital platforms, optimization of internal processes and operating costs, and thus on increasing profits.
- In the Republic of Serbia there is no special regulation that regulates the activity of mediation in the sale and delivery of mainly restaurant food and other products via digital platforms. The Law on Electronic Commerce is applied as the basic regulation related to this area, since mediation in the sale and delivery of mainly restaurant food and other products can be considered a service of the information society. Bearing in mind the exponential growth in the use of digital platform services, especially those that act as intermediary service providers, the process of adopting new acts has begun in the European Union¹⁶. The main goal of those acts is to establish a fair, transparent and predictable business environment in which the rights of all users of digital services are protected and equal market conditions are established, innovation, development and competitiveness are encouraged in the single market and globally. These acts represent the first steps towards regulating the business of digital platforms in a general way in

¹⁶ Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (**Digital Markets Act**) и Proposal for a Regulation of the European Parliament and of the Council on a single market for digital services (**Digital Services Act**) and amending Directive 2000/31/EC.

different markets, and set the rules of conduct for digital platforms that have significant market power.

- There are no legal (administrative) barriers to entering the market on the market of digital platforms for mediating the sale and delivery of mostly restaurant food and other products. However, the investment of significant funds in the development of the platform, marketing, procurement of technical equipment as well as investments aimed at integration with the systems and services of global internet service providers, as well as the conclusion of partnership agreements represent economic entry barriers for new market participants.
- The market of digital platforms for mediating the sale and delivery of mostly restaurant food and other products in the observed period was highly concentrated. Taking into account the amount of business income generated in the territory of the Republic of Serbia, market participant Glovo, after taking over the Donesi brand, gained a market share of /60-70/% in 2021. The first next competitor, Wolt, achieved a market share of /30-40/%. On the market in question, there is also a certain number of lesser-known local digital platforms, that is, services for mediation in the sale and delivery of food, which currently do not exert significant competitive pressure. At the end of 2021, the entry of a new competitor, the owner of the digital platform Mister D, was recorded. The company Bolt Services doo was also registered in the Republic of Serbia, the only member of which is Bolt Technology OÜ from Estonia, which can be a potential competitor on the relevant market.
- Pronounced indirect network effects on the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products imply competition for the market, instead of competition within the market. The generation of an increasing amount of data in business systems of digital platforms leads to the creation of conditions for a new type of competition - competition based on competitive analytics.
- All market participants (digital platforms), regardless of their market share, have a certain degree of so-called intermediary power, which is reflected in the ability to provide their partners with a greater number of users, and thus a greater number of transactions, than the partner could provide independently. They build their mediating power of digital platforms in such a way that by offering incentive programs (discounts, promo codes, cashback, etc.) they bind as many end users (consumers) to themselves as possible. On the other hand, market participants use emphasizing their intermediary power as the main argument for establishing cooperation and defining commercial conditions, and thus determining the amount of the commission, which, depending on the partner's bargaining power, may lead to the application of less favorable cooperation conditions for their partners.
- XXX. Insisting on the application of the principle of the most-favoured-nation clause in the broad sense, as well as insisting on the application of the principle of the most-favoured-nation clause in the narrower sense by all market participants individually, can significantly reduce price competition on the market of digital platforms for mediating

the sale and delivery of mainly restaurant food and of other products, since digital platforms lose their incentive to compete with each other on the level of commission.

- The concept of dependence on technology and algorithmic mechanisms is used by digital platforms in such a way as to bind as many partners as possible, for example, by recommending and delivering special equipment for receiving orders, i.e. by implementing predefined criteria that are taken into account when ranking (positioning) partners. Such conduct ultimately leads to a reduction in the positive effects of the simultaneous use of multiple digital platforms (multihoming) by partners, that is, to a limited choice of partners on digital platforms.
- The analysis of the submitted contracts and general terms and conditions, revealed provisions that result in conduct that could cause concern to the Commission in the sense that they represent behavior that is (1) exclusionary in the first line - aimed at excluding other platforms, (2) exploitative/ exclusively in the second line - aimed at discrimination of restaurants through the application of unequal business conditions, and there is even a possibility that certain contractual provisions can be subsumed under (3) limiting technical development.
- Market participants exert significant influence on related markets. The impact on the restaurant market is reflected in the fact that the competition between restaurants present on the digital platform is reduced to a fight for rank or position within a category, instead of competing with each other on the quality of their offer. On the other hand, when it comes to relations with delivery partners, digital platforms exert a significant influence on all important aspects of that relationship, starting with the influence on the price of delivery, and ending with the use of their algorithms when choosing a delivery person who will carry out a specific order, monitoring execution and evaluation of work performed.

2. COMMISSION'S RECOMMENDATIONS

In the light of the character and dynamic development of the market of digital platforms for mediation in the sale and delivery of mainly restaurant food and other products, and taking into account the obligations assumed by the Stabilization and Association Agreement, the Commission recommends to all competent institutions of the Republic of Serbia to conduct an analysis of the existing legal solutions that regulate the subject area, and to carry out the necessary harmonization of the national legislation with the current legal acts of the European Union. To that end, the Commission hereby provides the following recommendations:

It is recommended that the relevant Ministry of Trade start drafting relevant regulations that would regulate the business of digital platforms, which implies the creation of a Register of digital platforms, as well as a Register of suppliers of mainly restaurant food. The Commission believes that it is necessary to demarcate the activity of providing postal services from the activity of food delivery from restaurants, given that digital platforms do not operate in accordance with the Law and by-laws related to postal services.

It is recommended to the competent Ministry of Labour, Employment, Veteran and Social Affairs to control the application of regulations in the field of the Labor Law of employees in digital platforms, as well as employees who work for companies and/or entrepreneurs who deliver food. In the light of the anticipated development of the platform economy, issues of legal regulation of new relationships and ensuring the protection of the rights of their participants come to the fore. Numerous researches by international organizations show that the majority of people working at workplaces consider their safety insufficient (lack of protection at work, inability to resolve disputes collectively, lack of payment protection, etc.). This is largely a consequence of the lack of a single harmonized approach to the legal regulation of employment on platforms.

The relevant Ministry of Health and their inspections are recommended to verify whether companies and/or entrepreneurs who deliver food apply the regulations in terms of the Law on Food Safety.