

Written Evidence Submitted by Gumtree UK
Digital Markets, Competition and Consumers Bill: call for written evidence

Summary

- Gumtree welcomes the introduction of the Digital Markets, Competition and Consumers Bill, and has previously supported the development of this important piece of legislation by contributing to two separate Government consultation papers published in July 2021: *A new pro-competition regime for digital markets* and *Reforming Competition and Consumer Policy*. Gumtree supports the Bill's aim to enhance competition in digital markets by addressing the entrenched market power of firms with Strategic Market Status (SMS).
- Gumtree also supports the Bill's approach to limit the extent to which businesses with SMS can utilise their access to a large pool of data to boost their own position and products in the digital market.
- Gumtree supports the Government's ambition to tackle unfair commercial practices that harm consumers, including fake reviews. Given the unique characteristics of online classified marketplaces, we do not believe that websites such as Gumtree should be held responsible for the presence of, or negative consequences of, fake ratings. We believe responsibility should lie with the perpetrators of these harmful practices.

About Gumtree UK

- Gumtree is one of the largest classifieds websites and apps in the UK, hosting approximately 1.9 million classifieds listings live on the platform at any given time. The vast majority of trade on our platform is between private individuals selling second-hand goods, enabling local communities to participate in the circular economy effortlessly.
- The content on classifieds marketplaces such as Gumtree is user-generated, meaning that Gumtree does not offer or advertise any of the goods or services itself. Once people are connected via a listing on Gumtree, the deal is closed between buyers and sellers directly – in the manner and conditions they agree upon – without interference from Gumtree.
- As an online marketplace, we want to help ensure that the digital market in which we operate is as fair and competitive as possible, in a way that benefits consumers. We are contributing to this call for evidence as we want to speak to the unique position of classified advertisement platforms where private individuals, sole traders and small business owners buy and sell their items and services.
- As a platform that supports hard-working small and micro-businesses, Gumtree agrees that entrenched market power limits competition and results in economic harm. For this reason, we wish to share our views on Part One of the Bill, and show our support for improving the regulation of firms with SMS and addressing competition issues in digital markets. We also fully share the Government's commitment to high consumer standards and wanted to contribute to Part Four of the Bill to highlight the unique characteristics of classified advertisements websites and our position on the issue of fake reviews.

Part One of the Bill

1. Gumtree supports the Bill's overall aim to address the entrenched market power of firms with SMS which can act as 'gatekeepers' and stifle competition.
2. In particular, Gumtree is supportive of Clause 20, Subsection (3), paragraph (b), which would prevent a business with SMS from 'using its position in relation to the relevant digital activity, including its access to data relating to that activity, to treat its own products more favourably than those of other undertakings'.
3. We recognise the Competition and Markets Authority's concerns that dominant digital companies, such as Meta, have accumulated huge amounts of data about their corporate and private users' purchase habits which may be used for their own commercial benefit. This practice threatens to significantly 'tip' the market in favour of the companies that own the data, creating an unfair playing field and stifling competition and innovation.
4. Gumtree welcomes the Bill's criteria for designating a firm as having SMS – having substantial and entrenched market power and a position of strategic significance in digital activity. The criteria will help address the interconnected nature of different activities from the same firm, such as Meta collecting data from competing companies advertising on their platform to advance its own competing service e.g. Facebook Marketplace and Gumtree, thereby preventing fair competition in the e-commerce environment.

Part Four of the Bill

5. Gumtree welcomes the Bill's aim to protect consumers from unfair commercial practices that may lead to users losing money, especially in the context of the continued rising cost of living. We also share concerns that fake reviews distort online marketplaces and can give an unfair advantage to bad actors.
6. In regard to reviews, Gumtree operates a rating system that allows consumers to rate and review users with whom they have communicated on the platform. Gumtree launched the system in 2018 to increase seller accountability, boost buyer and seller confidence, and keep our community safe. The system supports users' ratings from 1 to 5 "stars" in our 'For Sale' section but does not currently offer the possibility for users to submit written reviews about their interactions with other users. There is no ability to leave reviews on specific products or services.
7. Users do not have the ability to review specific products or services on Gumtree and, as such, fake reviews of products or services do not exist on the platform. On Gumtree, people make their assessment to purchase a product listed on the platform based on a variety of factors, with ratings of the user being just one indicator. People can decide how they want to close the transaction with the seller, including closing it in person and having the chance to inspect an item.
8. Our dedicated Trust and Safety Team work hard to protect the Gumtree community. In 2022, we removed 6.32% of listings that did not meet our guidelines using advanced automated systems and human moderation. Gumtree users are also active in stopping bad actors, reporting more than 120,000 suspicious listings in 2022. In addition, the platform operates an extensive Notice Takedown scheme that allows Intellectual Property Rights (IPR) holders and organisations to directly alert us to fake items or those that infringe their IPR.

9. Given the unique characteristics of online classified marketplaces such as Gumtree, we strongly recommend that platforms such as Gumtree are not made to be directly responsible for the presence or negative consequences of fake ratings. This distinction is to ensure that the perpetrators of this practice hold individual responsibility for their actions.
10. Gumtree already has rigorous trust and safety measures in place to prevent fake ratings, alongside a dedicated trust and safety team. We would welcome the opportunity to work with Parliament when it further refines how the Secretary of State's power to add to, amend and delete a description of an unfair commercial practice will be applied to stopping the proliferation of fake reviews. Gumtree wants to ensure that any future requirements placed on classifieds platforms are reasonable, workable and effectively contribute to efforts to improve consumer protections.

Conclusion

11. Gumtree welcomes the Bill's aim to encourage competition and innovation in digital markets, especially by putting the DMU onto a statutory footing. We also share the Government's desire to protect consumers and address harmful commercial practices such as fake reviews.
12. However, Gumtree strongly recommends that any further legislation on the topic of fake reviews, and its subsequent enforcement, should be sensitive to the specific characteristics of online classified websites. Gumtree recommends that the responsibility for fake reviews should principally lie with perpetrators rather than with classified websites themselves.

Submitted on 4th July 2023

ENDS.