



HM Government

# Retailers' Experience of Using Digital Platforms

BEIS Research Paper Number: 2021/039

March 2021



© Crown copyright 2021

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at: [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)

---

# Contents

Executive summary	4
Background and methodology	4
Research findings	4
Introduction	7
Background and objectives	7
Methodology	8
Use of online platforms	9
Sales channels used by businesses	9
Use of online platforms	10
Services received from the online platform and perceived benefits	11
Proportion of turnover that came from the online platform	13
Next best alternative platform	14
Issues using multiple online platforms	15
Harmful and anti-competitive practices	17
Issues experienced	17
Impact on the business and its customers	20
Subsequent action taken	21
Overall views on online platforms and the impact of Covid-19	24
Overall views on online platforms	24
Impact of Covid-19 on businesses' use of online platforms	26
Conclusions	27

# Executive summary

## Background and methodology

The Department for Business, Energy, and Industrial Strategy (BEIS) commissioned research to understand retailers' experience of using third-party online platforms<sup>1</sup> to sell their products and services. Specifically, the objectives of the research were to:

Establish the extent to which businesses use online platforms;

Understand motivations for using online platforms;

Explore whether they have experienced a range of potential harms through using online platforms, and what the impact has been on their business; and

Assess businesses' ability to negate any of these through their own actions.

Between August and September 2020, IFF Research conducted a quantitative telephone survey of 300 UK retailers that had used a third-party online platform within the last two years.

## Research findings

### Use of online platforms

Just under a fifth (18%) of retail businesses contacted to take part in the survey use third party online platforms. The most common marketplace retailers use to sell their products and services is eBay, with over half reporting using it (54%). Second to this was Amazon at 28%. Among businesses that currently sell via online marketplaces, a further one in ten (11%) have used eBay in the past and a further six per cent have used Amazon.

For 35% of businesses, eBay is their main platform (either the only online platform used or the one the business used the most). The majority have used their main platform for at least 3 years.

Most commonly, businesses believe access to a larger market is the benefit of using the online platform (66%).

---

<sup>1</sup> For the purposes of this research, the term 'online platform' was defined as third-party websites and apps which allow you, alongside other businesses, to sell products to customers.

Businesses mainly use online platforms for processing financial transactions (64%); however, they also make use of available sales data (51%) and use platforms for marketing and advertising (43%).

For more than half of retail businesses, sales through online platforms account for less than 25% of their turnover, both in the last financial year and the last month. The findings show that in store sales are still the most dominant, despite the shift to online and the ongoing pandemic.

Nearly one in five businesses that do not use eBay as their main platform consider eBay to be the next best alternative to their main online platform (18%). Of those who are able to provide a next best alternative, 48% of businesses feel it is an “okay” alternative to their main platform, most commonly because the alternative is considered to be less suited to specific product lines.

### Harmful and anti-competitive practices

Positively, over half of businesses (55%) have not experienced any issues selling via their main platform. The most common issue experienced relates to restrictions on communication and/or resolving disputes with the platform (23%). However, the issue deemed to have the most impact on the business is the suspension or removal of the business' account or a product, or changes to their listings by the platform (28% of businesses that have experienced an issue).

For businesses experiencing issues, this most commonly causes a loss of profit (35%), although for one in seven (15%) there is no impact. The impact is damaging for around one in three businesses (35%), which accounts for 13% of all businesses using online platforms.

According to retailers, issues arising from online platform use most commonly cause reduced choice for customers (11%), although half of businesses (53%) feel there is no impact on their customers. A third of businesses say the impact of this on their customers is very or fairly damaging (33%), which accounts for 5% of all businesses using online platforms.

### Overall views on online platforms

Most businesses experience about the same or fewer issues selling via their main platform compared to offline or online via their own website. Around one in three experience more issues selling via their main platform than alternative routes.

Over three quarters of businesses agree that in general, the terms and conditions are clear (78%) and customer reviews are genuine (77%).

Over half of businesses agree that if the existing terms and conditions change to the detriment of their company, they can easily switch to a different online platform (56%) and if they have a dispute with the online platform, there is a reliable dispute resolution system that they can use (52%).

However, less than half of businesses agree that they can report false reviews about their company and have them removed (49%) and that they know what data is collected by the online platform about the activity of their company and how it is used (46%).

Only 15% of businesses agree that they can influence or amend the terms and conditions.

Most businesses disagree that the use of the online platform prevents or hinders their business from innovating, with only 14% agreeing.

### **Impact of Covid-19 on businesses' use of online platforms**

When considering the impact the Covid-19 pandemic had on their use of online platforms, over four in ten businesses say they use online platforms more or see their sales through online platforms increase since the outbreak (44%).

# Introduction

## Background and objectives

Online marketplaces are increasing in prevalence as a way for businesses to sell their products. Defined as “an e-commerce site where third-party companies can sell their products or services to consumers whereby the transactions are processed by the website owner”<sup>2</sup>, it has been estimated that sales using this medium will grow by around 50% to almost £40bn by 2024.<sup>3</sup>

Online marketplaces can represent a valuable opportunity to businesses, primarily by providing a cost-effective route to market to which they may not otherwise have had access.

While there are many online marketplaces in operation, ranging from the general to the niche, Amazon and eBay accounted for around 90% of spend in 2019.<sup>2</sup>

With the growth of online marketplaces taking place so rapidly, the dominance of two major sites, and the supremacy of Google and Facebook in terms of online advertising, there is potential for harm to both businesses and consumers. Chief among these concerns is stifled market competition.

In this context, the Department of Business, Energy and Industrial Strategy (BEIS) commissioned a survey of UK retailers to understand their use of online marketplaces, as well as the benefits and negative consequences associated with them.

Specifically, the objectives of the research were to:

Establish the extent to which businesses use online marketplaces;

Gather information on their patterns of use, including whether they use multiple sites;

Understand motivations for using online platforms, and the importance of doing so for their business;

Explore whether they have experienced a range of potential harms as a result of online marketplace use, and what the impact has been on their business; and

Assess businesses' ability to negate any of these through their own actions.

---

<sup>2</sup> <https://study.com/academy/lesson/online-marketplaces-definition-examples.html>

<sup>3</sup> <https://www.retailgazette.co.uk/blog/2019/11/online-marketplace-spend-reach-39bn-next-5-years/>

### Methodology

Between August and September 2020, IFF Research conducted a quantitative survey of 300 UK retailers. Interviews were conducted using Computer Aided Telephone Interviewing (CATI) software and, on average, lasted 20 minutes.

The sample was drawn from the Market Location database and screened to ensure the business had used a third-party online platform within the last two years. A period of two years was chosen as it was felt to be an appropriate timeframe for which businesses to recall their experience of using the third-party online platform.

For the purposes of this research, the term 'online platform' was defined as third-party websites and apps which allow you, alongside other businesses, to sell products to customers. Just under a fifth (18%) of retail businesses contacted to take part in the survey use third party online platforms.

Quota targets were set based on business size, the definition of which were as follows:

Sole traders

Micro/small businesses (1-49 employees)

Medium/large businesses (50+ employees)

Table 1 presents the number of interviews achieved in each size group.

**Table 1 Profile of quantitative interviews by size**

<b>Size of business</b>	<b>Number of interviews</b>
Sole trader	125
Micro/small retailers	126
Medium/large retailers	49
TOTAL	300

# Use of online platforms

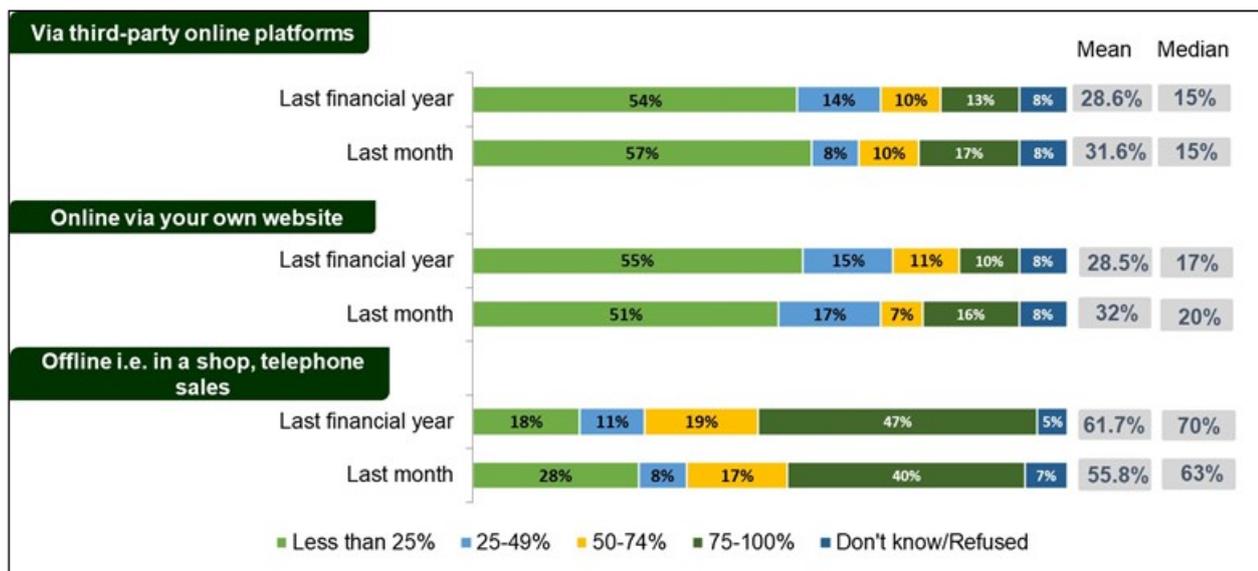
## Sales channels used by businesses

Retail businesses were asked which sales channels they use to sell their products and services. The findings show that offline channels such as a shop and telephone sales are most common, with eight in ten businesses (81%) reporting selling in this way. Two thirds of businesses (68%) use their own website, with medium and large businesses more likely to sell via this channel (83%). While all businesses taking part in the survey use third-party online platforms to sell their products and services, results show that only two per cent use them exclusively. This is significantly higher among sole traders (five per cent).

As presented in Figure 3.1, the proportion of sales coming from businesses' own websites is similar to third-party platforms. In store sales are most dominant, despite the shift to online and the ongoing Covid-19 pandemic. Medium/large businesses are more likely to get 75-100% of their sales through offline channels both in the last financial year (64%) and in the last month (58%).

For more than half of retail businesses, sales through online platforms accounted for less than 25% of their annual turnover, both in the last financial year and in the last month (54% and 57% respectively). Sole traders are more likely to be reliant on third party platforms, as their sales accrued from there account for 75-100% of their turnover, both in the last financial year (19%) and in the last month (26%).

**Figure 3.1 Proportion of sales from business' turnover that came from each sales channel**



Source: Digital Platforms research survey. A2. Thinking about your business's turnover for the last financial year, what proportion of your sales came from... Base: Offline (231), online via their own website (195), online via third-party online platforms (286). A3. Now thinking about the last month, what proportion of your sales came from... Base: Offline (231), online via their own website (195), online via third-party online platforms (286)

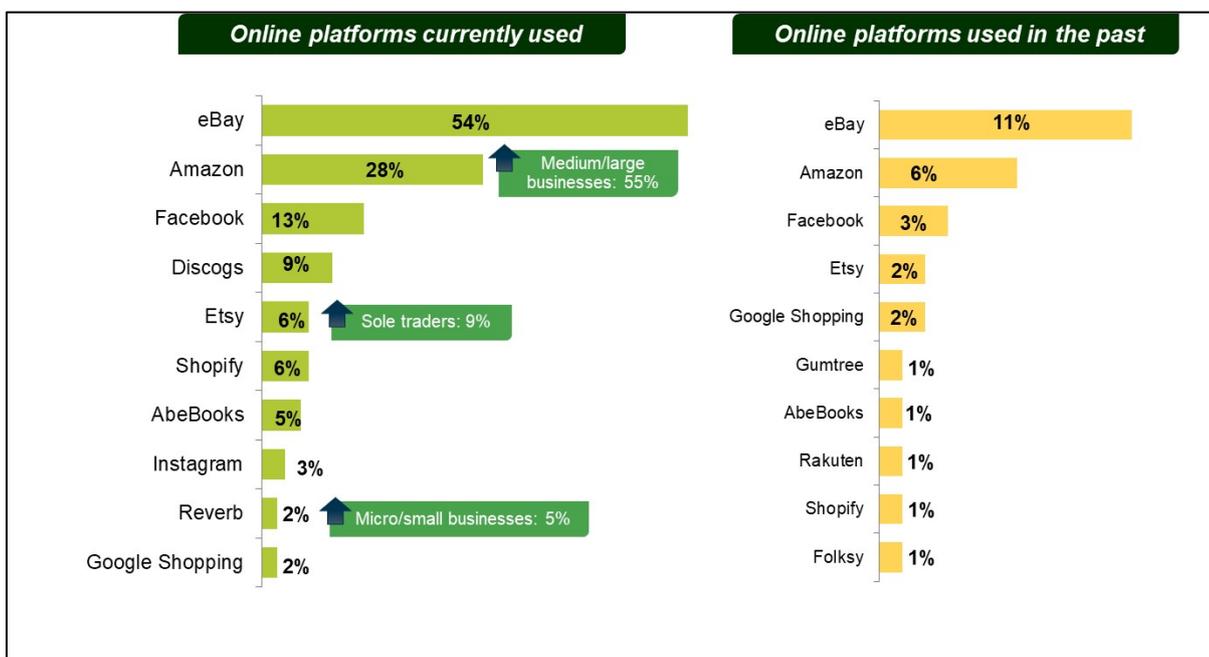
## Use of online platforms

The most common marketplace businesses use to sell their products and services is eBay, with over half reporting using it (54%). Among businesses that currently sell via online marketplaces, a further one in ten (11%) used eBay in the past.

The second most common online platform is Amazon, which is used by 28% of businesses. Use of Amazon is significantly higher among medium and large businesses (55%). Sole traders are significantly more likely to use Etsy (nine per cent cf. six per cent). While two percent of businesses use Reverb, this rose to five percent among micro and small businesses.

Retailers that use multiple online platforms are more likely to use eBay (70%) and Amazon (48%) to sell their products and services.

**Figure 3.2 Use of online platforms**



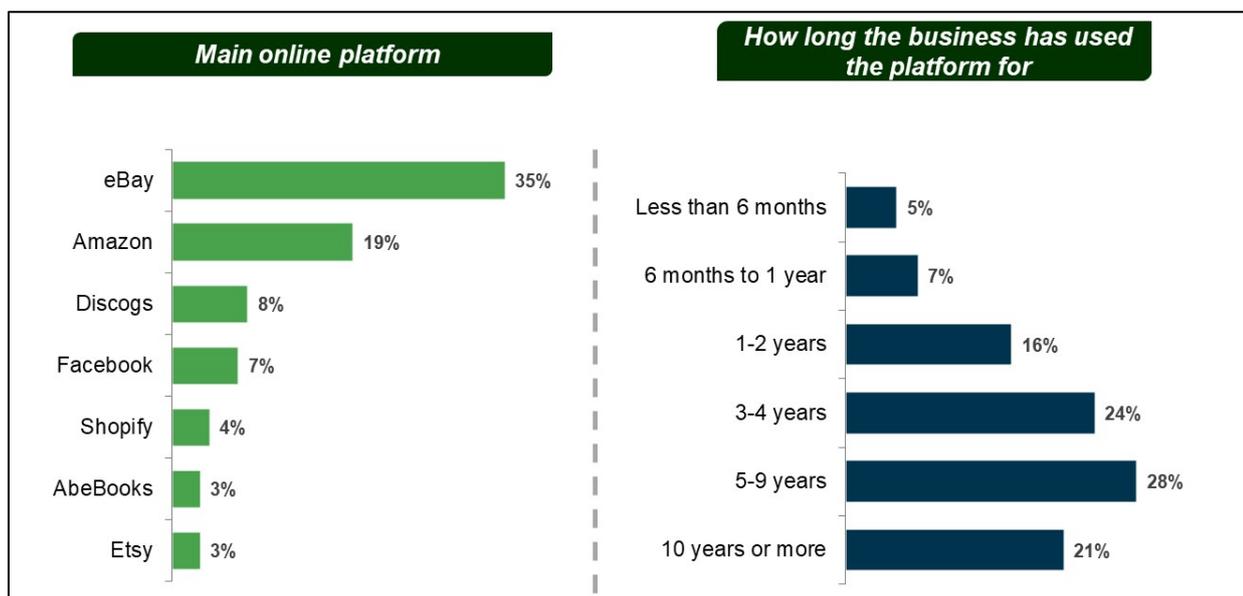
Source: Digital Platforms research survey. A4. Which platforms does/did your business use to sell your products or services? Base: All businesses (286). Platforms used by 2% or more are shown. A5. Are there any other platforms your business has used in the past? Base: All businesses that currently use online platforms (254)

As presented in Figure 3.3, for more than one in three businesses, eBay is their main platform (either the only third-party online platform they use, or the platform used the most where they use multiple platforms). Amazon is more likely to be the main platform for medium and large businesses (33%), while Etsy is more likely to be the main platform for sole traders (six per cent).

Retailers using only one platform to sell their products and services are more likely to use eBay as their main platform (40%), whereas retailers using multiple platforms are more likely to use Amazon (29%).

The majority of businesses have used their main online platform for at least 3 years (73%). Those using eBay are more likely to have used the platform for 10 years or more (29%). Businesses that earned 75-100% of their annual turnover from their main platform are also more likely to report using it for 10 years or more (39%). Meanwhile sole traders are more likely to have used the platform for less than 6 months (eight per cent).

**Figure 3.3 Main platform and length of use**



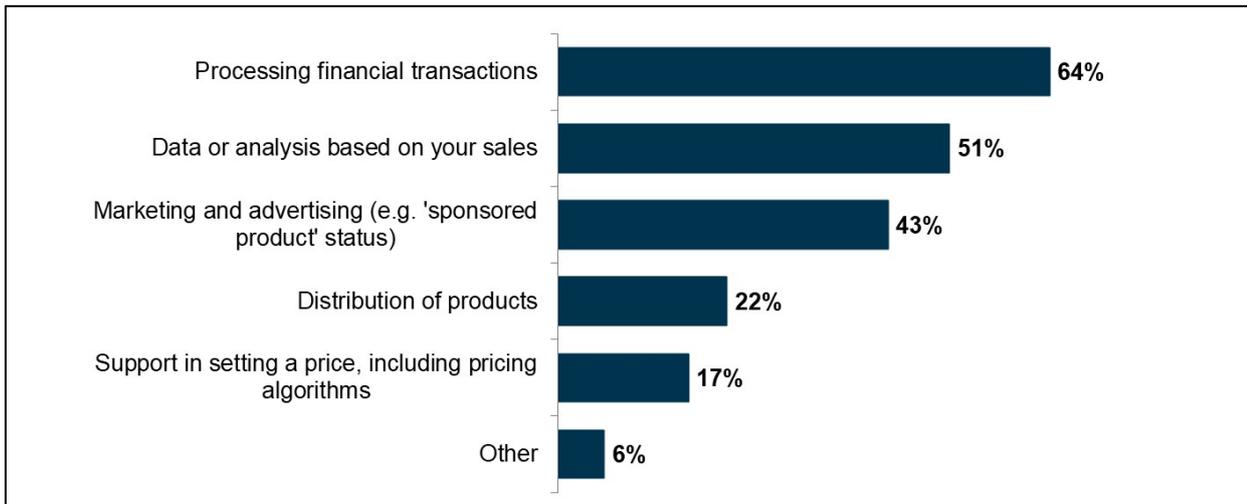
Source: Digital Platforms research survey. A7. For how long has your business experienced issues with any of the following when using the platform? Base: All businesses (286). Platforms used by more than 1% of businesses are shown.

## Services received from the online platform and perceived benefits

Retailers were asked which services they received from their main online platform. As shown in Figure 3.4, processing financial transactions is the main service received (64%). However, businesses also draw on a range of other functions, including using sales data (51%) and for marketing and advertising (43%). Around one in five use the online platform to distribute their products (22%) and around one in six receive support in setting a price (17%).

Businesses using Amazon are more likely to use the platform for processing financial transactions (80%) and distributing their products (35%). Looking at disparity by business size, micro and small businesses are more likely to use their main platform for marketing and advertising (54%) and distribution of their products and services (29%). In terms of business locality, those based in London are also more likely to use the online platform to distribute their products (39%). More generally, businesses using multiple platforms are more likely to use it for marketing and advertising their products and services (51% cf. 36% among businesses using only one platform).

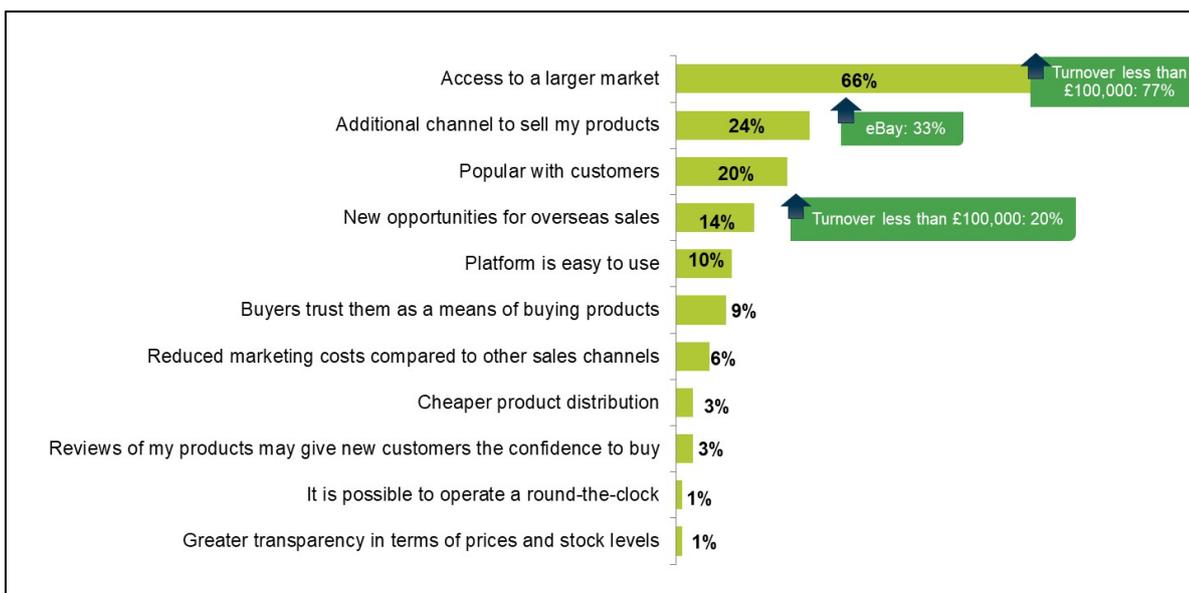
**Figure 3.4 Services received from the online platform**



Source: Digital Platforms research survey. A8. What services did your business receive from the platform? Base: All businesses (286)

As shown in Figure 3.5, most retail businesses believe access to a larger market is a benefit of using the platform (66%). This is significantly higher among businesses with a turnover of less than £100,000 (77%). Around a quarter of businesses say it is an additional channel to sell their products (24%), which is significantly higher among users of eBay (33%). One in seven retailers feel that the benefit of using the online platform is that it provides new opportunities for overseas sales (14%). Again, this is significantly higher among businesses with a turnover of less than £100,000 (20%).

**Figure 3.5 Benefits of using the online platform**



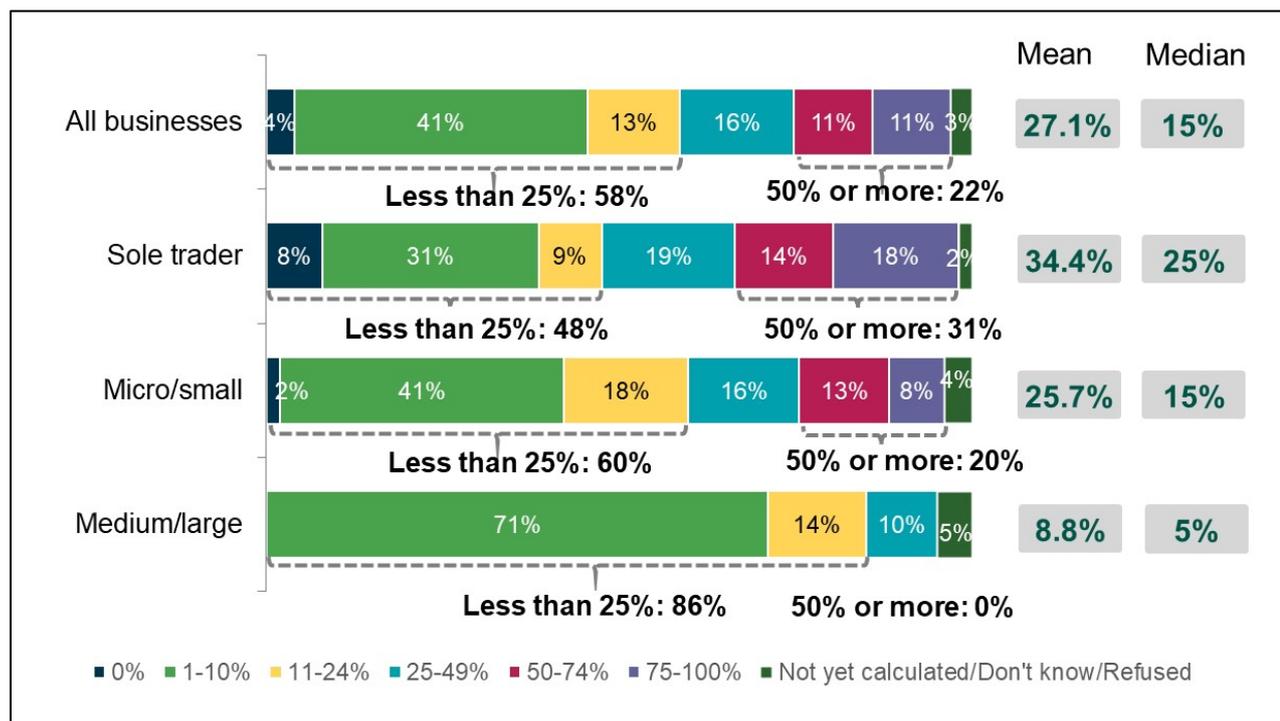
Source: Digital Platforms research survey. A9. What does/did your business see as the benefits of using the platform? Base: All businesses (286)

## Proportion of turnover that came from the online platform

Businesses were asked what proportion of their turnover comes from or used to come from their main online platform. For most business it represents a modest proportion, but there is a notable minority who are reliant on it. As shown in Figure 3.6, for over half of retail businesses, sales through their main online platform account for less than 25% of their turnover (58%). For around two fifths of retail businesses (41%), sales via the online platform account for 1-10% of their annual turnover. For around one fifth of businesses (22%), sales through the platform account for 50% or more. For businesses using multiple online platforms, sales through their main platform are more likely to account for 25-49% of their annual turnover (22%).

The proportion of turnover coming from the main online platform decreases by size of business. Among medium and large businesses, sales through their main online platform are more likely to account for 1-10% of their annual turnover (71%). Meanwhile, sole traders are more likely to report that sales through their main online platform account for 75-100% of their annual turnover (18%).

**Figure 3.6 Proportion of turnover that came from the main online platform**

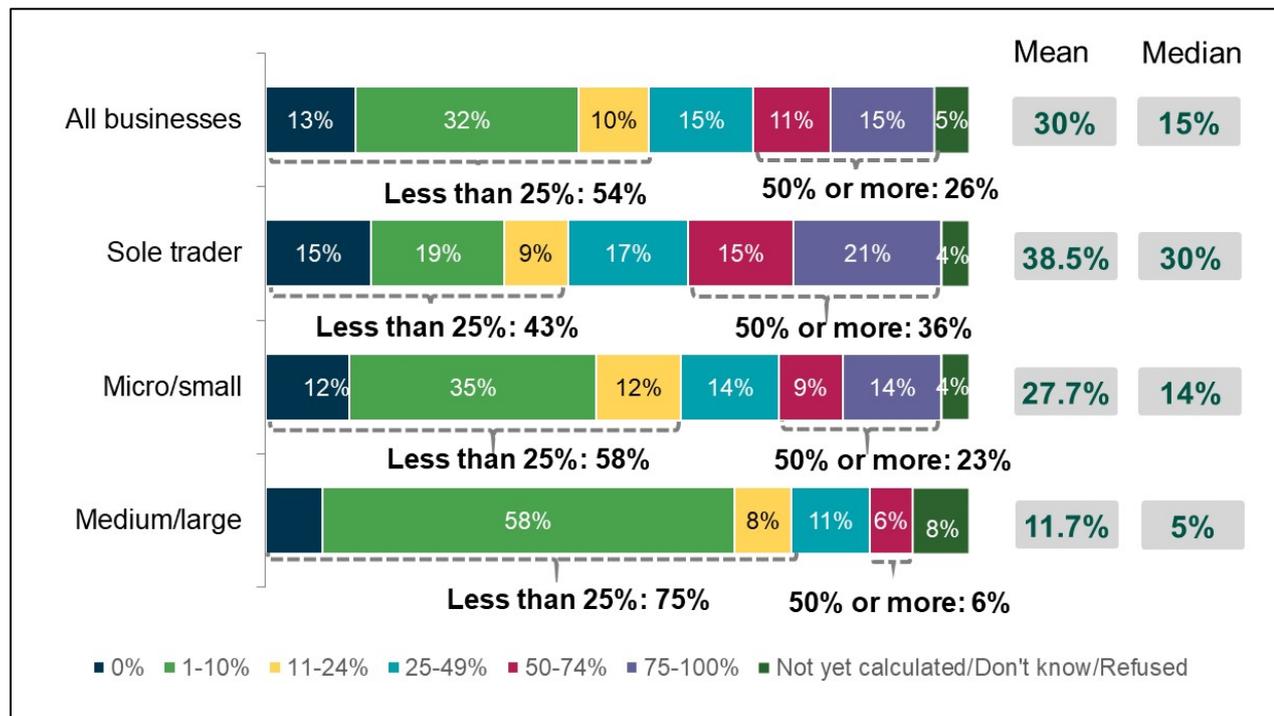


Source: Digital Platforms research survey. A10a/A12c. Thinking about your business's approximate turnover for the last financial year, what proportion of your sales came from [main platform]? / On average, what proportion of your turnover used to come from [main platform]? Base: All businesses (286); sole trader (124), micro/small (120), medium/large (42)

When those currently using the online platform were asked about the proportion of their turnover that came from the platform in the last month, again sales via the online platform account for less than 25% for more than half of businesses (54%). However, the proportion of sales that came from the main online platform in the last month is slightly higher across the board.

Again, the proportion of turnover that came from the main online platform in the last month decreases by size of business. Among medium and large businesses, sales through their main online platform are more likely to account for 1-10% of their turnover in the last month (58%). Meanwhile, sole traders are more likely to report that sales through their main online platform account for 75-100% of their turnover in the last month (21%).

**Figure 3.7 Proportion of turnover that came from the main online platform in the last month**



Source: Digital Platforms research survey. A11b. Thinking about the last month, what proportion of your sales came from the platform. Base: All businesses that currently use online platforms (254); sole trader (105), micro/small (113), medium/large (36)

### Next best alternative platform

When businesses were asked which online platform they consider to be the next best alternative to their main platform, over two fifths of retail businesses are unable to identify one (45%). As presented in Figure 3.8, around one in five businesses consider eBay to be their next best alternative (18%). Of those who can provide a next best alternative, around half of businesses feel it is an “okay” alternative to their main platform (48%).

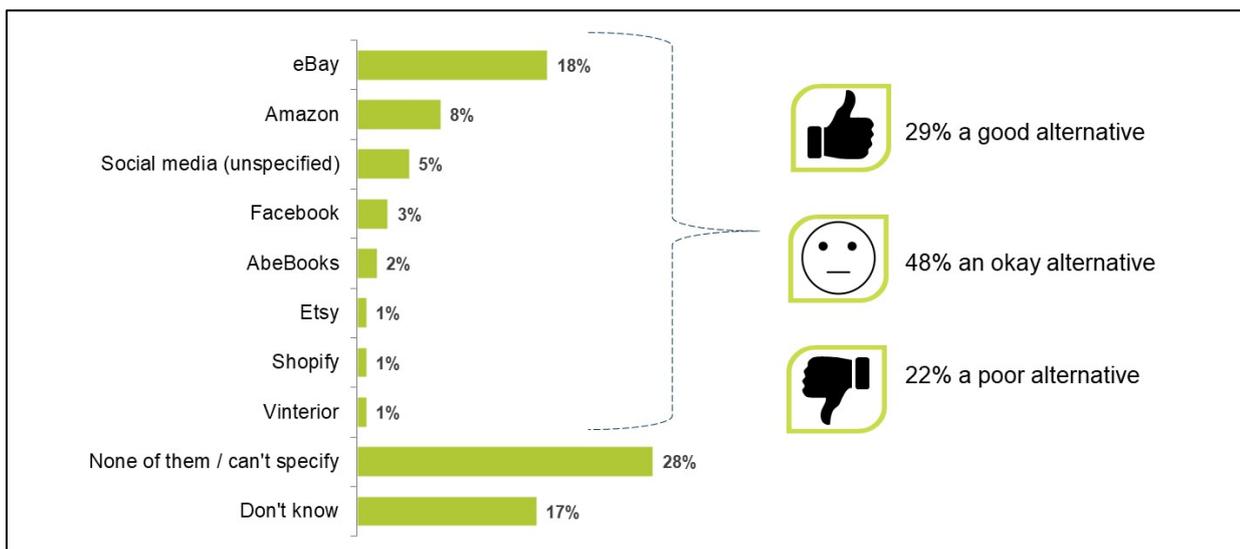
Businesses using Amazon as their main platform are more likely to say that eBay is the next best alternative (49%) or AbeBooks (eight per cent). Similarly, those using eBay as their main platform are more likely to say that Amazon would be the next best alternative (17%). Among eBay users naming Amazon as their next best alternative platform, eight in ten (80%) feel it is either a good or “okay” alternative to eBay. Among Amazon users naming eBay as their next best alternative platform, seven in ten (71%) feel it is either a good or “okay” alternative to Amazon.

Of those who feel the next best alternative is a good alternative, one in three believe this to be because it provides a wider reach (29%), followed by being easy to use and update (27%), more cost effective (15%) and it yielding a large number of sales (15%).

Of those who feel the next best platform is an “okay” alternative, one in five believe this to be because it is less suited to specific product lines (21%), followed by being difficult to use (15%) and not as cost effective as their main online platform (10%).

The most common reasons why businesses feel the next best alternative is a poor alternative is because it is not as cost effective and is difficult to use (32% and 29% respectively).

**Figure 3.8 Next best alternative online platform**



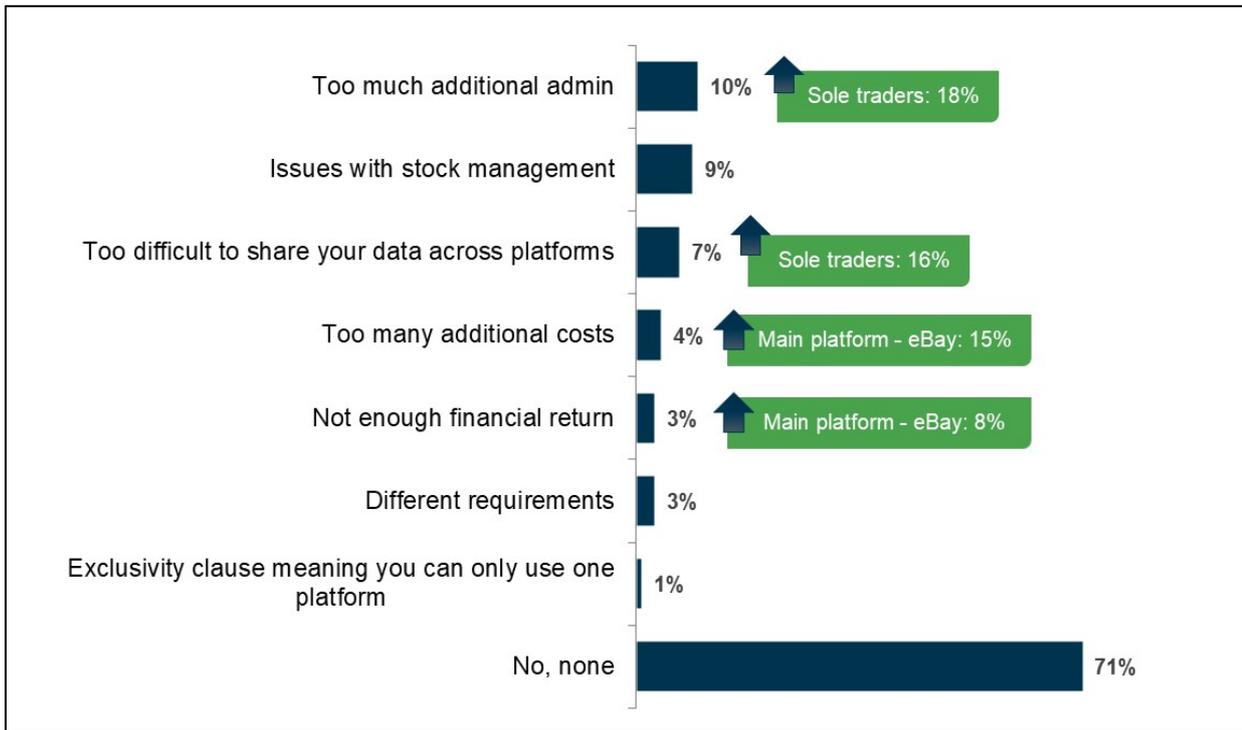
Source: Digital Platforms research survey. A15. If your main platform was no longer available, which online platform is, or would be, your business's next best alternative? Base: All businesses that currently use online platforms (254). Platforms mentioned by more than 1% of businesses are shown. A16. Do you consider this platform to be..? Base: Businesses that provided next best alternative (141)

## Issues using multiple online platforms

Around half of the retail businesses surveyed use multiple online platforms to sell their products and services (48%). Most businesses told us that they did not experience any issues selling in this way (71%); however, one in ten find there to be 'too much additional admin' and 'issues with stock management' (10% and nine per cent respectively).

Looking at business size, sole traders are more likely to have issues with too much additional admin (18%) and difficulties in sharing data across platforms (16%). Businesses using eBay as their main platform are also more likely to find issues with too many additional costs (15%) and not enough financial return (eight per cent).

Figure 3.9 Issues using multiple online platforms



Source: Digital Platforms research survey. A18. Has your business experienced/Did your business experience any issues using multiple platforms to sell your products or services, rather than just one? Base: All businesses that use(d) multiple platforms (137)

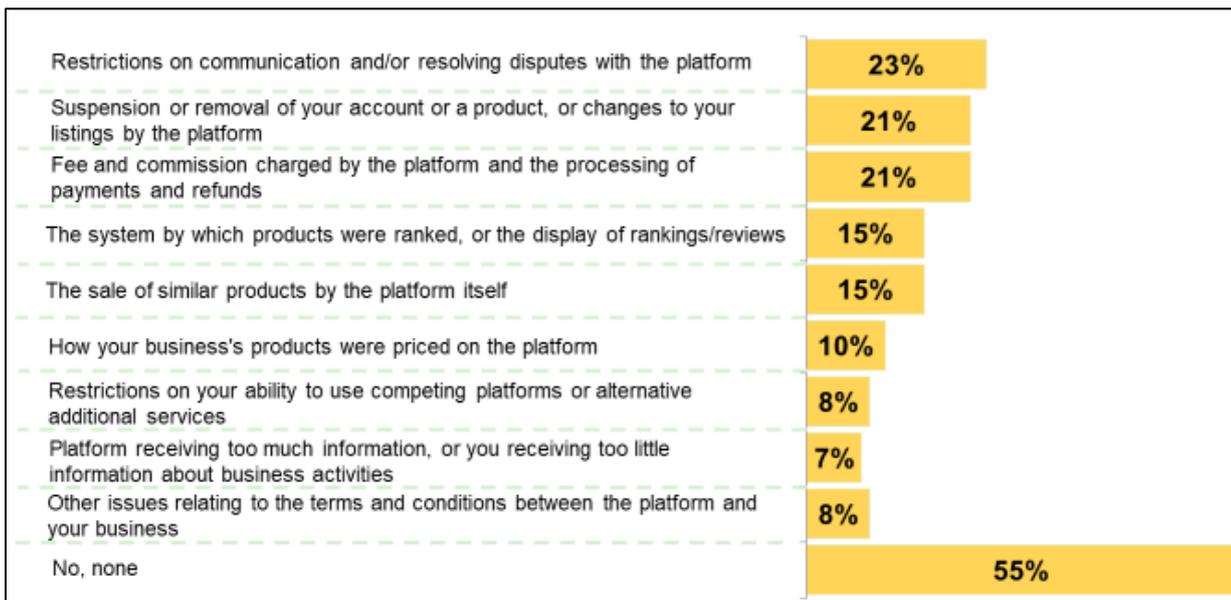
# Harmful and anti-competitive practices

## Issues experienced

Businesses were asked whether they had experienced any issues when using their main online platform. Positively, most say they did not experience any issues (55%), as shown in Figure 4.1. For those that did, the most common issue relates to restrictions on communication and/or resolving disputes with the platform (23%). This accounts for 52% among businesses that confirm they did experience an issue, as presented in Figure 4.2.

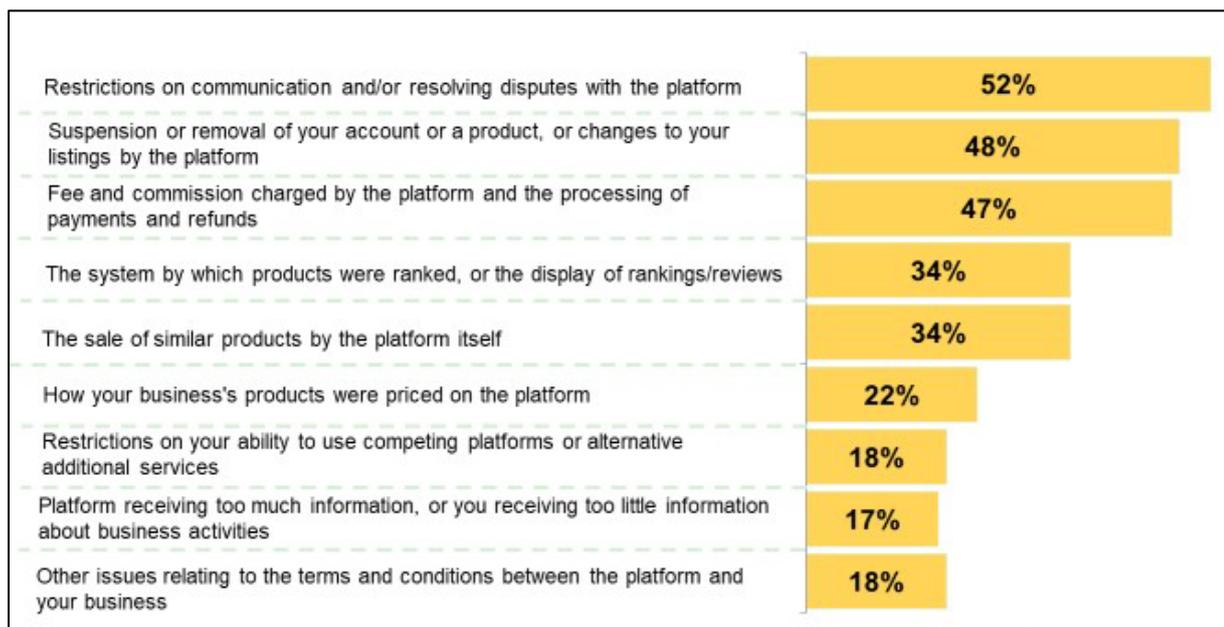
Around one in five have experienced the suspension or removal of their account or a product, or changes to their listings, and issues related to fees charged by the platform (21%). Around one in seven businesses have experienced issues related to the system by which products were ranked, or the display of rankings/reviews, or the sale of similar products by the platform itself (15%).

**Figure 4.1 Issues experienced with online platforms**



Source: Digital Platforms research survey. B1. Has your business experienced issues with any of the following when using the platform? Base: All businesses (286)

**Figure 4.2 Issues experienced with online platforms among businesses that experienced an issue**



Source: Digital Platforms research survey. Issue experienced. Base: Businesses that experienced an issue (126)

There are several significant differences by type of online platform. Users of Amazon are more likely to report issues relating to:

Restrictions on communication and/or resolving disputes with the platform (53% cf. 23%)

Suspension or removal of their account or a product, or changes to their listings by the platform (51% cf. 21%)

The system by which products are ranked, or the display of rankings/reviews (25% cf. 15%)

The sale of similar products by the platform itself (36% cf. 15%)

How their business's products are priced on the platform (27% cf. 10%)

Platform receiving too much information, or them receiving too little information about business activities (15% cf. seven per cent)

Other issues relating to the terms and conditions between the platform and their business (16% cf. eight per cent)

Users of eBay are significantly more likely to experience issues with fees and commission charged by the platform and the processing of payments and refunds (31% cf. 21%).

Issues relating to the system by which products are ranked, or the display of rankings/reviews is more common among retailers that use multiple online platforms (20% cf. 11% that used only one). In terms of locality, retailers based in the North West are more likely to experience the suspension or removal of their account or a product, or changes to their listings by the platform (36% cf. 21%)

The following issues are more likely to be experienced by businesses that have used online platforms in the last two years but do not currently. This implies that these issues are less prevalent now.

Issues related to restrictions on communication (38%)

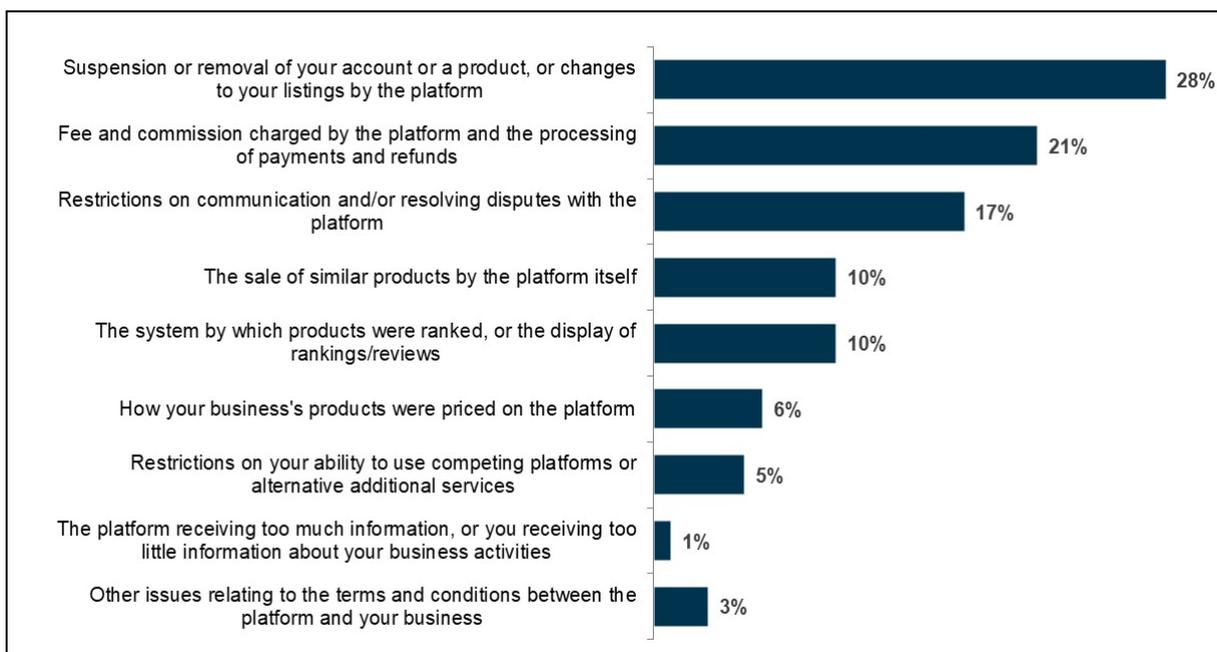
Fees and commission charged by the platform and the processing of refunds (38%)

### Main issue experienced

Among businesses that have experienced multiple issues, the suspension or removal of the business's account or a product is reported to have the biggest impact, with 26% of businesses saying so. Figure 4.3 presents the "main" issue experienced (either the only issue mentioned or the one that had the most impact on the business where multiple issues have been experienced). Most commonly, the main issue experienced by retail businesses relates to the suspension or removal of their account or a product, or changes to their listings by the platform (28%).

For one in five businesses (21%) the issue relates to fees and commission charged by the platform and the processing of payments and refunds. This most commonly manifests itself by the platform granting refunds or returns at the business's expense without adequate reason. For one in six businesses (17%) the issue relates to restrictions on communication and/or resolving disputes with the platform. Most businesses report that it is difficult to communicate with the platform.

**Figure 4.3 Main issue experienced**



Source: Digital Platforms research survey. Main issue experienced. Base: Businesses that experienced issues (126)

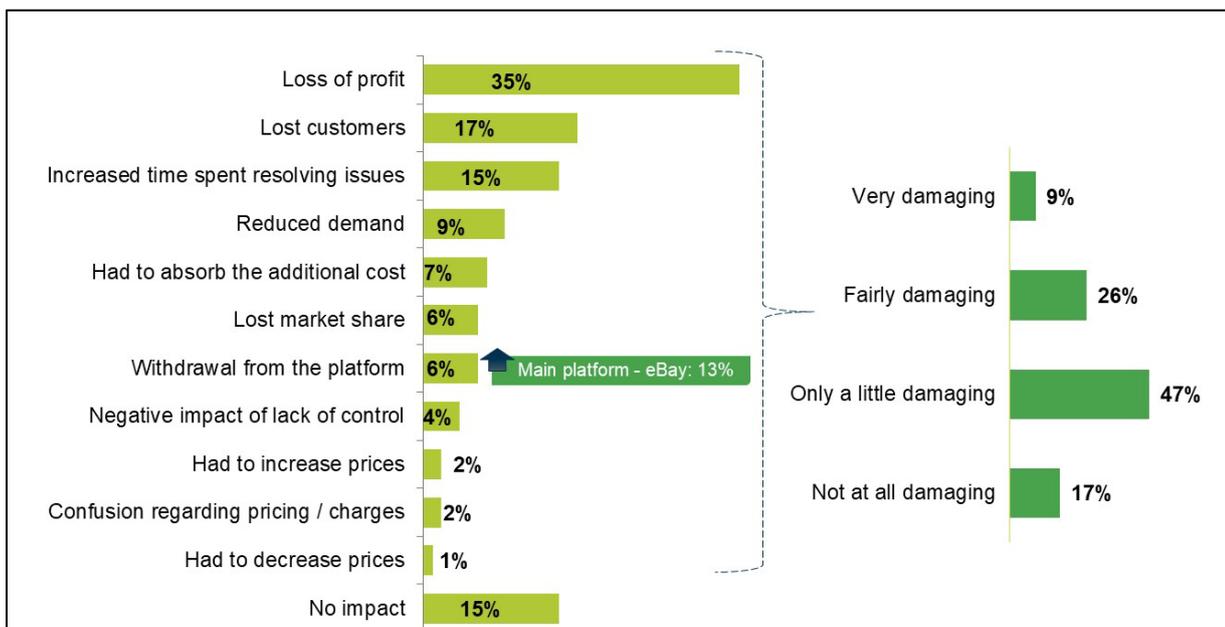
Businesses that have been using their main online platform for more than six months were asked when the issue occurred, in order to get a sense of whether the Covid-19 pandemic was having any impact. The findings suggest that, for most businesses, the current climate is not a significant contributing factor in the issue they have experienced, with over two fifths of businesses (45%) saying the issue occurred both before and after March 2020. A third of businesses (34%) only experienced the issue before March 2020 and 17% only experienced the issue from March 2020.

## Impact on the business and its customers

Retailers that have experienced an issue selling via online platforms were asked what impact it had on their business. The findings show that the issue most commonly causes a loss of profit (35%), an impact that is more likely among businesses that use multiple online platforms (44% cf. 26% that only used one). Around one in six reported that they have lost customers as a result of the issue they experience (17%). Again, this is significantly higher among businesses that use multiple online platforms (25% cf. 11% that only used one). Those using eBay are more likely to report withdrawing from the platform (13% cf. six per cent). However, for one in seven retailers (15%) the issue does not have any real impact on their business.

Businesses that reported an impact were asked how damaging it was. The impact is damaging for around one in three businesses (35%), which accounts for 13% of all businesses using online platforms. Businesses that experience loss of profit and customers are more likely to feel the impact is very or fairly damaging (61% and 39% respectively).

**Figure 4.4 Impact on the business**



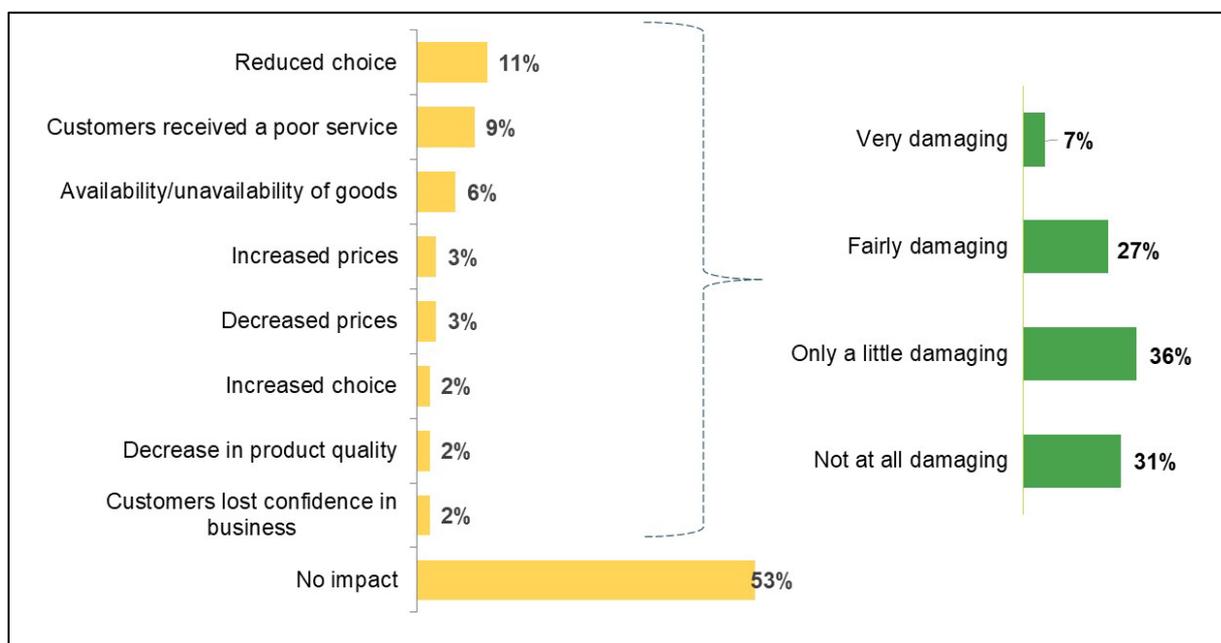
Source: Digital Platforms research survey. B11. What impact did this issue have on your business? Base: Businesses that experienced issues (126). B12. Overall, would you say the impact of this on your business was...? Base: Businesses who specified the impact the issue had on their business (104)

According to retailers, issues arising from online platform use most commonly cause reduced choice for customers (11%), although half of businesses (53%) feel that there is no impact on their customers. Around one in ten say customers receive a poor service (nine per cent) and six per cent said the issue has an impact on the availability of their products.

Understandably, retailers that experience the suspension or removal of their account or a product are more likely to report there being an impact on the availability of products (14% cf. six per cent). This impact is also more common among sole traders (13%), which is perhaps unsurprising given they are more likely to exclusively sell via third-party online platforms.

A third of businesses say the impact of this on their customers is very or fairly damaging (33%), which accounts for five per cent of all businesses using online platforms.

**Figure 4.5 Impact on customers**



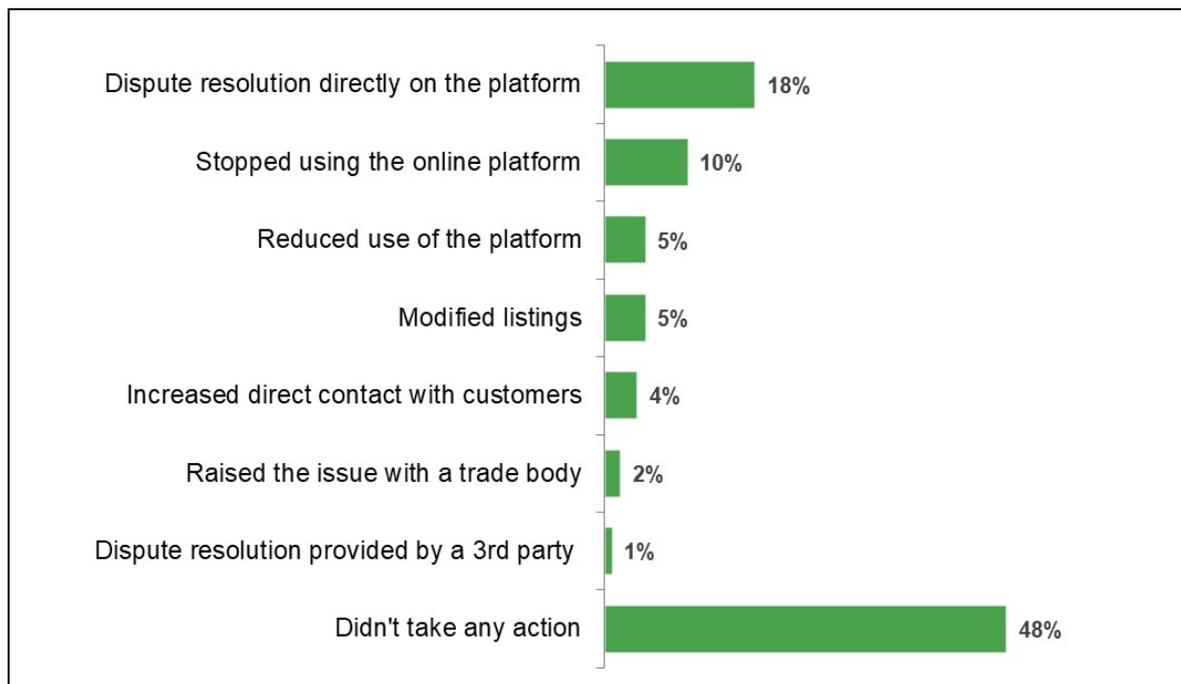
Source: Digital Platforms research survey. B13. What impact did this issue have on your customers? Base: Businesses that experienced issues (126). B14. Overall, would you say the impact of this on your customers was...? Base: Businesses who specified the impact the issue had on their customers (45)

## Subsequent action taken

As displayed in Figure 4.6, around half of retailers choose not to take any action as a result of the issue (48%). One in five undertake dispute resolution directly on the platform (18%), an action which is significantly higher among businesses that feel the issue is very or fairly damaging on the business (31%).

Where sales through the online platform only account for 1-10% of the business's turnover, they are significantly more likely to stop using the platform (18%), implying that the trouble associated with using the online platform is not deemed to be worthwhile for the volume of sales it yields.

**Figure 4.6 Subsequent action taken**



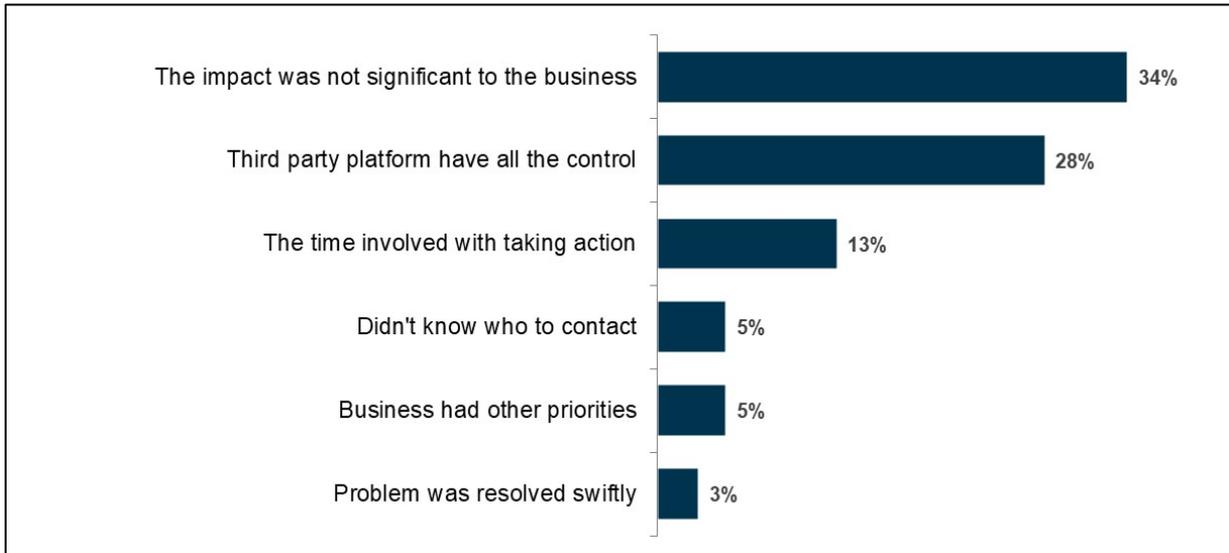
Source: Digital Platforms research survey. B15. What subsequent actions did your business take as a result of the issue you had with the platform? Base: Businesses that experienced issues (126)

Among businesses that raise the issue, pursue dispute resolution or take legal action, around half are unable to state the outcome (46%). For around one in six businesses the issue is still unresolved (17%). In eight per cent of cases there is a change in terms, the suspension is lifted or the platform favours the customer. In four per cent of cases there is either a financial settlement or products are removed from the online platform.

Around a quarter of business who are able to state the outcome of the dispute resolution say they are satisfied with the outcome, however, over half of businesses (54%) are dissatisfied. It is worth noting that these results should be interpreted with an air of caution due to the low base size.

Among businesses that did not take any action, the most common reason is that they feel the issue does not have a significant impact on the business (34%).

**Figure 4.7 Reasons for not taking any action**



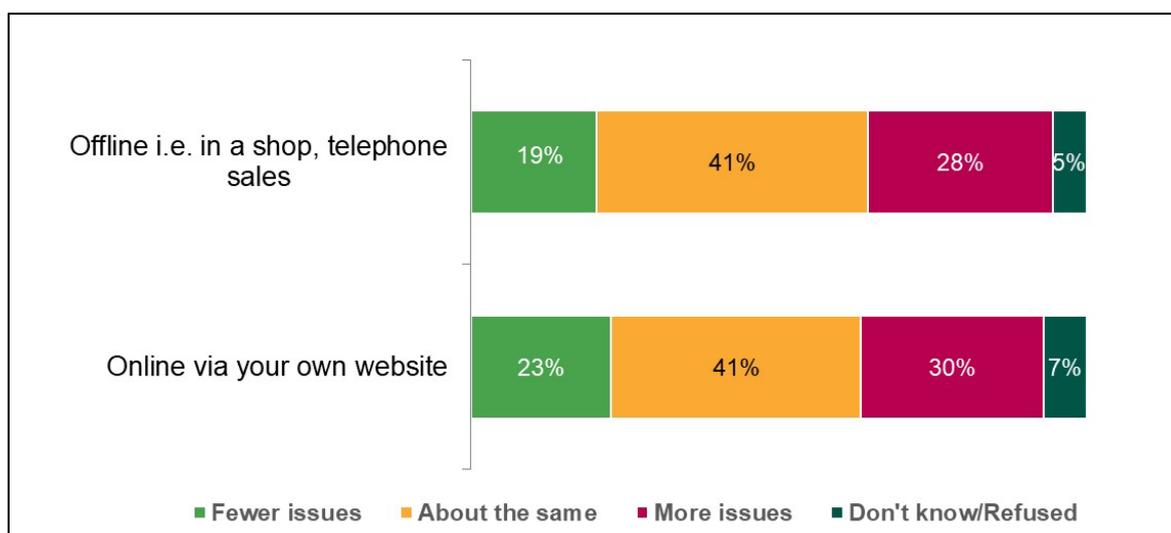
Source: Digital Platforms research survey. B18. Why did your business not take any action? Base: Businesses that did not take any action (61)

# Overall views on online platforms and the impact of Covid-19

## Overall views on online platforms

Businesses were asked whether they had experienced fewer, about the same or more issues selling via their main online platform compared to other sales channels. As shown in Figure 5.1, most retailers have experienced about the same or fewer issues selling via the platform compared to offline or online via their own website. However, around one in three have experienced more issues selling in this way, with 28% of businesses experiencing more issues compared to selling offline and 30% experiencing more issues compared to selling online via their own website.

**Figure 5.1 Selling via online platforms compared to other channels**



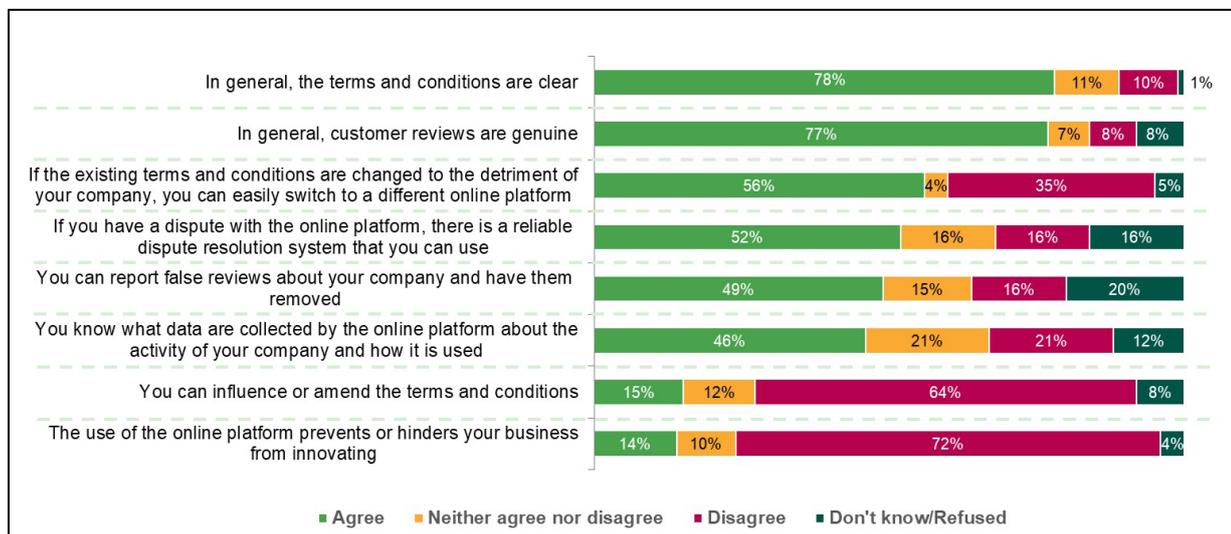
Source: Digital Platforms research survey. C1\_1. Has your business experienced fewer, about the same or more issues selling via the platform compared to selling..? Offline i.e. in a shop, telephone sales. Base: If sells offline i.e. in a shop, telephone sale (231). C1\_2. Has your business experienced fewer, about the same or more issues selling via the platform compared to selling..? Online via your own website. Base: If sells online via their own website (195)

Retailers in the South East are more likely to report that they have experienced more issues selling via the online platform compared to selling offline (41%). Businesses using Amazon as their main online platform are more likely to say they have experienced more issues selling via the platform compared to selling online via their own website (49%).

Businesses were asked the extent to which they agree or disagree with a variety of statements about their main online platform. Retail businesses are most likely to agree that the terms and conditions are clear (78%) and that customer reviews are genuine (77%). Positively, most disagree that the use of the online platform prevents or hinders their business from innovating (72%). Around half of businesses agree that they can easily switch to a different online platform (56%), that there is a reliable dispute resolution system that they can use (52%), they

can have false reviews removed (49%), and that they know what data is collected by the platform and how it is used (46%). However, only 15% of businesses agree that they can influence or amend the terms and conditions.

**Figure 5.2 Overall views on the main online platform**



Source: Digital Platforms research survey. C2. To what extent do you agree or disagree with the following statements regarding the platform? Base: All businesses (286)

Several differences emerge between the online platform in question. Those using eBay are significantly less likely to agree that the terms and conditions are clear (70% cf. 78%), that they know what data is collected by the platform and how it is used (34% cf. 46%), and that they can influence or amend the terms and conditions (eight per cent cf. 15%).

Meanwhile, businesses using Amazon are significantly less likely to agree that in general, customer reviews are genuine (58% cf. 77%), they can easily switch to a different online platform (40% cf. 56%) and that there is a reliable dispute resolution system they can use (33% cf. 52%).

There are a few differences between businesses using one online platform and those using multiple:

Retailers that use only one online platform are more likely to agree that if the existing terms and conditions change to the detriment of their company, they can easily switch to a different online platform (61% cf. 49% among those using multiple online platforms).

Retailers using multiple platforms are more likely to disagree that if they have a dispute with the online platform, there is a reliable dispute resolution system that they can use (21% cf. 12% using a single online platform).

Retailers that use only one online platform are more likely to agree that in general, customer reviews are genuine (84% cf. 69% using multiple online platforms).

Sole traders are significantly less likely to agree that they can report false reviews about their company and have them removed (42% cf. 49%). Medium and large businesses are more

likely to disagree that the use of the online platform prevents or hinders their business from innovating, with 86% disagreeing compared to the average of 72%.

Turning to differences by region, businesses in the North West are twice as likely to agree that they can influence or amend the terms and conditions (30% cf. 15%).

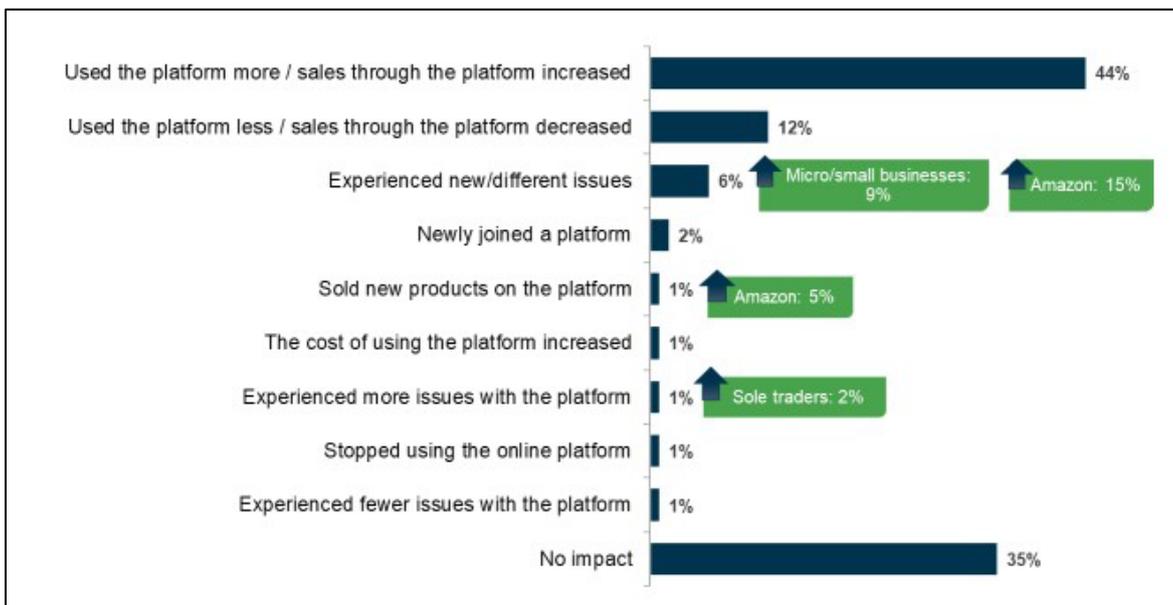
### Impact of Covid-19 on businesses' use of online platforms

Finally, businesses were asked how the outbreak of Covid-19 affected their business's use of online platforms, if at all. More than four in ten say they have used online platforms more or have seen their sales through online platforms increase (44%). Six per cent have experienced new or different issues selling via online platforms. This is significantly higher among micro and small businesses at nine per cent and among businesses using Amazon at 15%. Businesses using Amazon are also more likely to say they have sold new products on the platform (five per cent cf. one per cent).

Retailers that used multiple online platforms are more likely to experience new or different issues selling via online platforms (10% cf. two per cent among those that only used one). Those based in London are also more likely to report this (21% cf. six per cent).

Sole traders are twice as likely to experience more issues with the online platform since the outbreak of Covid-19, at two per cent compared to the average of one per cent.

**Figure 5.3 The impact of Covid-19 on use of online platforms**



Source: Digital Platforms research survey. C3. How did the outbreak of COVID-19 affect your business's use of online platforms, if at all? Base: All businesses (286)

## Conclusions

The survey shows that there are clear benefits to retailers in using online platforms. First and foremost, they enable businesses to access customers they would not otherwise be able to reach. Beyond this, businesses also make use of a range of other services through online platforms, including marketing and sales data.

Furthermore, any negative impacts tend to be limited, with just over half (55%) of retail businesses having not experienced any issues when selling via online platforms and for others the issue is not damaging to the business. Among those experiencing issues, the impact is damaging for around one in three businesses, which accounts for 13% of all businesses using online platforms.

However, there have been issues for a notable minority of retailers, where this has impacted the bottom line. The results of the survey also show that there is a more widespread potential for harm; partly because some businesses are reliant on online marketplaces and also because the landscape is dominated by two large players in Amazon and eBay. Indeed, the findings show that certain issues are more likely to occur among users of eBay and Amazon. Market dominance affords these platforms considerable influence in this space and, in turn, can mean that businesses lack recourse if the arrangement with their main platform provider becomes less attractive. For example, around a third of businesses disagree that if the terms and conditions are changed to the detriment of their company, they can easily switch to a different online platform.

Moreover, there seems to be a perceived lack of alternative options for many. Users of Amazon and eBay were more likely to name the other as their next best alternative platform, again highlighting the dominance of these two marketplaces.

---

This publication is available from: [www.gov.uk/beis](http://www.gov.uk/beis)

If you need a version of this document in a more accessible format, please email [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk). Please tell us what format you need. It will help us if you say what assistive technology you use.