deliveroo

Deliveroo: consultation response to CMA guidance on the price transparency provisions of the DMCCA

1. Deliveroo welcomes the opportunity to respond to the CMA's consultation on its price transparency guidance.

2. We connect millions of consumers, riders and merchants across local markets to bring people the food and products they love. We share the CMA's view that consumers should have sufficient information to make informed purchasing decisions. Facilitating comparison across merchants, including on price, to support informed decisions is a distinguishing feature of online aggregator platforms like Deliveroo.

3. We are constantly looking for ways to improve the consumer journey and ensure pricing is transparent, which is why over the last 24 months we have made several changes to surface the existence of variable mandatory and optional charges earlier in the consumer journey, including through clearly signposted tooltip messaging on the partner menu page and search results.

4. The guidance provides welcome clarity that:
    a. The total price cannot always be reasonably calculated in advance, which is particularly relevant for service fees and small order fees in Deliveroo's case; and
    b. Limitations of space mean traders cannot practicably convey all the required information to calculate the headline price with equal prominence, which is highly relevant when using Deliveroo via a mobile app as opposed to a web browser.

5. However, we remain concerned that the guidance relies on an unnecessarily expansive definition of 'invitation to purchase', which applies wherever a price is displayed. Including all *possible* charges – either at the item-level or on a per-transaction basis – before 'basket' view or checkout (when the final value of a consumer's basket is known), risks worsening the information environment, creating a poorer consumer journey, and may lead consumers to make purchasing decisions they otherwise would not have. It also fails to reflect how Deliveroo is used in practice.

6. More broadly, we feel the guidance could better reflect the Government's strategic steer to the CMA, which urges proportionate use of its tools with a pro-growth mindset; as well as reflecting the variety of business models the guidance applies to. It also goes beyond what was intended by legislation.

Deterioration of the information environment and consumer experience

7. Requiring traders to set out how fees will be calculated with 'equal prominence' to the headline price would entail repetitively displaying often extensive information next to every price listed on a partner's menu. This equates to having the information in our collapsable tooltip permanently on display – virtually eliminating the space for browsing. Alternatively, it would require including *potential* fees in the headline price or basket (regardless of the number of items and whether all desired items have been added), which would then appear perpetually in flux as more items are added. This creates a confusing consumer experience, especially without a description of fees – as per our tool tip messaging – which is impractical on the mobile app due to limitations of space.

8. Many businesses will stop displaying or choose to selectively display prices as a result. This would lead to worse consumer outcomes by making it harder for consumers to see a running total.

9. Taken to the other extreme, displaying a breakdown of fees wherever a price is displayed – even when only one or two types of fee will apply in practice – would overwhelm consumers and lead to information-overload. This remains the case even if additional fees are only displayed on a dynamic 'add to basket' function or floating basket (as suggested by the guidance), which either creates a confusing consumer experience in the absence of an explainer on fees, or significantly reduces the space available for browsing. This is exacerbated when using a large font, making it significantly harder for users with accessibility needs. Such a function also couldn't operate through the search results page, as fees vary between merchants according to distance, whether they charge bag fees, and any minimum order value.

Influence on purchasing decisions

10. One example of the influence on purchasing decisions is where a consumer proceeds with a supermarket order below £15 and incurs a small order charge, either built into the headline item price or running basket total, without realising that the charge is waived once their total basket value reaches £15. Another is a consumer who, being unaware that service fees are capped, proceeds with a smaller-value order to avoid a greater service fee (of 6% *up to the cap*) being applied.

11. While it is important to surface the existence of these fees (and any applicable caps) early on in the consumer journey, doing so wherever a price is displayed is impractical (particularly on mobile apps), confusing, and potentially misleading to consumers. Where fees are built into the headline price, it suggests a static rather than variable price based on the number of items and total basket value.

12. For ordering on Deliveroo via a web browser, consumers are presented with a running total which includes any applicable fees, which is akin to the per-transaction examples at 5.6, and appears to comply with guidance. However, due to limitations of

space, replicating this on a mobile app prevents us from giving a clear, detailed breakdown of different fees.

How Deliveroo is used

13. Finally, the guidance bears little relation to how Deliveroo is used in practice. Figure 4, which shows a £4.50 delivery fee in a floating basket, on a retailer's website that sells dresses for £27 (where the free delivery threshold is £100), suggesting that the average consumer is unlikely to qualify for free delivery. However, on Deliveroo many of the potential charges, like a small order fee, are only applied under specific conditions and rarely apply in practice.

14. Unlike high-value, less frequent purchases such as accommodation or ticketed entertainment, Deliveroo's fees are fundamentally tied to the specific, real-time choices of the customer. The same cannot be said for booking a holiday: cleaning fees and local taxes cannot meaningfully be described as "optional", and they are not waived if the stay is increased by an extra night.

15. Applying fees before checkout, including on an empty or single-item basket, fails to reflect how the app is understood by consumers and used in practice. As we have suggested at paragraph 11, it implies a fixed price. Yet very few consumers place low-value, single-item orders.

Summary

16. We would welcome the CMA's confirmation that mobile apps act as a limitation of space. Our response demonstrates we have made clear that fees may apply through tooltip messaging, and that applying rigid requirements on mobile apps can otherwise harm the information environment, create a confusing consumer journey, and lead to perverse incentives for platforms.

17. We also reiterate the need for the guidance to be proportionate and designed with growth in mind. Creating a confusing consumer experience will lead to fewer orders placed, and further hinder our ability to support partners through increased revenue generated on the app. As is currently drafted, the guidance goes further than the legislation intended, particularly by failing to reflect the multitude of business models that it will apply to.