

19 August 2021

Digital Platforms Services Inquiry
Australian Competition & Consumer Commission

via email: digitalmonitoring@acc.gov.au

Dear Sir/Madam

Issues Paper – Report on general online retail marketplaces

General online retail marketplaces (online marketplaces) have provided Australian entrepreneurs and small businesses with access to new domestic and international markets. This access has in turn been embraced by Australian small businesses with year-on-year (2018-19 to 2019-20) growth in online sales for small businesses and retail among the fastest growing industries for online orders.¹

These trends underscore the important role of online marketplaces in the economic security of their small business sellers. When issues arise between online marketplaces and small business sellers, the lack of timely resolution can lead to a heavy economic and emotional toll on the small business' operators.

Our Office's Assistance Line has managed 52 cases regarding small businesses' issues with digital marketplaces where those businesses operate as third-party sellers since our Office's inception. All of these cases relate to eBay and Amazon. The two most common issues raised by small businesses include:

- the restriction or closure of seller's accounts; and
- customer refund policy problems.

The time taken to resolve these complaints ranges from less than a week through to 26 weeks.

The key theme of disputes between online marketplaces and third-party sellers is an inability to directly resolve disputes between the parties, due to the lack of a person to physically talk to. As much of online marketplaces' internal dispute resolution processes are automated, where a resolution is not quickly achieved and a seller finds themselves stuck in an 'automated loop', frustration rapidly grows. We recommend the industry consider the following in improving the resolution of small business complaints.

Escalation pathways

We appreciate that online marketplaces deal with high volumes of seller-raised (as well as consumer-raised) issues every day and a significant proportion of these are promptly resolved. However, more can be done in cases where a resolution does not happen within a reasonable timeframe.

Importantly, the definition of a "reasonable timeframe" should include an acknowledgement of the damage that can occur for a small business suffering a loss of revenue compared to an online marketplace who is likely to see no discernible drop in revenue through the issue. Industry should, in

¹ <https://www.abs.gov.au/statistics/industry/technology-and-innovation/characteristics-australian-business/2019-20#e-commerce>

cooperation with small business representatives, define an industry-wise, standardised definition of “reasonable timeframe”.

We suggest that small businesses should have their complaint acknowledged within 24 hours and specific timeframes given for how long a dispute will take to be resolved.

In those cases where an issue between a small business seller and an online marketplace is not resolved within a reasonable timeframe or the digital marketplace knows in advance that it cannot be solved in that time, we recommend an employee of the online marketplace call the small business to break the automated loop and talk through the issue.

Where internal systems cannot resolve a dispute, digital marketplaces’ should promote clear external channels for alternate dispute resolution. For small business disputes, this could be facilitated through existing services such as this Office’s dispute resolution process. The promotion and use of existing services would minimise bureaucratic and financial costs associated with establishing new or multiple services.

The implementation of these measures would reflect the increasing role online marketplaces play in the economic security of their small business sellers.

Reporting

We recommend that industry should develop standardised reporting frameworks on small business disputes that should be published. Published reports should cover type of issues, resolution rate, timeframes, and other appropriate data.

Publishing this information would allow digital marketplace operators to show they are learning from complaints and improving their processes accordingly. In the event an argument was made for the need for government intervention in the dispute resolution within the sector, such data would be extremely helpful in informing any decision to intervene.

These reporting frameworks should be designed with appropriate government agencies (e.g. the Australian Small Business and Family Enterprise Ombudsman and the Australian Competition and Consumer Commission) and published on the ACCC’s website.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Mr Eamon Sloane on [REDACTED] or at [REDACTED].

Yours sincerely



The Hon. Bruce Billson
Australian Small Business and Family Enterprise Ombudsman