

Amazon.com forges ahead despite Comp Comm's requirements

The latest Takealot Competition Commission ruling seems unlikely to affect Amazon's long-term African expansion plans, and the market shouldn't underestimate the retail giant's ability to push back against requirements it deems unreasonable.



Source: © 123rf [123rf](#) The latest Takealot Competition Commission ruling seems unlikely to affect Amazon's long-term African expansion plans

The Competition Commission's (Comp Comm) Online Intermediation Platforms Market Inquiry's remedial requirements for Takealot have ruffled more than a few feathers in the retail space, but not e-commerce juggernaut, Amazon.com, which is forging ahead with its plans to enter the local market, albeit at a more leisurely pace.

"The building of warehouses and local hiring is ongoing, but the urgency is certainly no longer there," comments Anouck van Rietschoten, head of operations (marketplaces) at Incubeta.

"These new remedial actions by the Competition Commission are also going to demand the full attention of the Amazon legal team and, even though they will definitely be on top of it, the company seems to be dealing with more hurdles than are immediately apparent," she adds.

Van Rietschoten also says that South Africa's greylisting would have also added complexity to the global marketplace's expansion plans and says that while the Nasdaq heavyweight certainly has the resources to deal with the challenges, the postponement of its planned 2023 launch is very likely.

“If we see a Q1 2024 launch it would likely be a soft launch with some select big brands and most likely without the third-party (3P) model. What we have seen in other regions is that Amazon will onboard big brands, focussing on its first-party or 1P model.

“While they have historically opened their seller side at the time of launch, they have opened it to just a few select 3P sellers and have not actively recruited resellers. This allows them to get the platform going and the customers used the service before they begin with a vendor onboarding drive,” she explains.



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Don't expect Amazon to roll over

When it comes to the Competition Commission's move against Takealot, van Rietschoten says Amazon is well-versed in dealing with regional trading anomalies.

“Amazon is used to dealing with these commissions and has shown that they can adapt their commissions and percentages as necessary.

“We also see some flexibility on their terms of agreement in each region to ensure they meet regulatory requirements.

“That said, they have also been known to rock the boat and because of their size and leverage, they can afford to push back a fair bit, as they did in France,” she shares.



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Meet in the middle

The most recent concessions in the UK, however, also show the firm is able to meet in the middle, but van Rietschoten says she expects Amazon executives and legal teams to be working hard behind the scenes to ensure they get a fair play at cracking the local market.

“I believe Amazon is already in this conversation. Both with the Commission and with other players in the local market. They will certainly have some leverage in this conversation and may even be able to bend some of the rules, supporting Takealot in the process,” she shares.

Negative impact on the smaller players

Commenting on the Commission's move to try and split Takealot's retail and marketplace operations, van Rietschoten believes this may have a negative impact on the smaller players, rather than levelling the playing field as intended.

“You want one place where small retailers can also have an opportunity to compete against the big brands. The US has shown how small players can grow their businesses in an online-only environment and, with some clever strategies, can still be visible and compete against even the biggest players.

“Splitting the models will push the small players onto other platforms. The Commission’s efforts seem focussed on dismantling any monopolies, rather than enabling a platform designed to accommodate big and small players alike,” she explains.



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Far-reaching impact

Summing up, Van Rietschoten says the outcome of any further negotiations over the next few months will have a far-reaching impact.

“Ultimately, the consumer would benefit from an e-commerce environment that offers as many products as possible at the most competitive price possible.

“So ensuring that the cheapest prices are visible in the Buy Box, for instance, makes good sense. And when all the players are governed by the same 3P and 1P rules it helps ensure a fair and safe retail experience.

“But any short-sightedness now will stop future e-commerce expansion. We expect players like JD.com to enter the market soon, and you can be very sure they will be watching these next moves with great interest.

“We’ve seen time and again, once Amazon has ironed out the kinks in a region, others will follow,” she says.

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