



# Exploratory study of consumer issues in online peer-to-peer platform markets

Final Report



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## ABSTRACT

This study explores consumer issues in five online peer to peer platform markets: (Re)sale of Goods; Sharing/renting of goods, Sharing/renting accommodation; Sharing/hiring rides; and Odd jobs.

The study estimates that 191m citizens across the EU-28 spend EUR 27.9 billion per year on online P2P platforms. Of this total, an estimated EUR 10.61 billion consists of platform revenues and revenues of third parties.

The study defines three main peer-to-peer platform business models: (a) hosting of listings where platforms do not get involved in the peer to peer transaction (b) active management of transactions where platforms foster trust among peers to facilitate a larger number of transactions and (c) platform governed peer transactions where the platform sets one or more contractual terms for the peer-to-peer transaction and exercises control over the performance of the transaction.

The study identifies five key consumer issues that emerge from this new kind of economy: (1) transparency and clarity regarding the nature of transactions concluded through online P2P platforms, applicable consumer rights and obligations, the applicable legal framework and its enforcement; (2) reliability of peer review and rating systems and accuracy of identity information provided on the platform; (3) discrepancy between exclusion of platform responsibility and liability for the performance of online P2P transactions and platform practices; (4) access to redress for peer consumers and peer providers; and (5) data use and data protection issues.

## EXECUTIVE SUMMARY

The exploratory study on consumer issues in peer-to-peer (P2P) online platform markets investigates five P2P markets and identifies the main issues for peer consumers and peer providers from the perspective of consumer policy.

The study focuses on P2P online platforms for a) (Re) Selling or Buying of Goods - like eBay; b) Sharing or Renting of Goods – like Peerby; c) Sharing or Renting Accommodation – like Airbnb; d) Sharing or Hiring rides – like BlaBlaCar or Uber; and e) Hiring people to do Odd Jobs – like Yoopies. With the exception of the (re) sale of goods sector, these sectors are part of what the European Commission has defined as the "collaborative economy", or what is more generally referred to as the "sharing economy".

The study comprises six tasks: a review of existing literature and 485 platforms across the EU and Norway; a consumer survey and focus groups covering 10 EU Member States; 10 case studies of selected platforms, a Legal Analysis covering 28 EU Member States and two workshops with stakeholders.

### ***Economic analysis of P2P markets***

It is estimated that 191m citizens across the EU-28 have actively engaged in peer to peer markets between May 2015 and May 2016, concluding at least one transaction involving payment. Total peer expenditure over this period in the EU across the five sectors considered is estimated at EUR 27.9 billion per year; total peer revenues are estimated at EUR 17.29 billion. The difference of EUR 10.61 billion includes platform revenues and revenues of third parties providing services via platforms, e.g. payment services, background and ID checks, insurance services.

In the sharing/hiring rides sector peer providers reported revenues add up to 81% of expenditure; in the (re)sale or renting/sharing of goods, accommodation sharing/renting and odd jobs sectors, this is only about 60 to 65%. Expenditure and revenue on both collaborative and (re)sale of goods platforms are driven by a small share of peer consumers and peer providers. More than half of the revenue and expenditure is generated by 10% of peers. This indicates the presence of 'very active private' consumers and providers, and/or of commercial and professional sellers in P2P markets.

Among the 485 platform websites screened, 20 platforms, or 4% of them, are very large and have more than 100.000 unique visitors per day; a large majority (81%) are small or medium-sized (below 10,000 daily visitors). Almost 80% of sharing/hiring rides and almost 70% odd jobs platforms are small, with less than 500 daily unique visitors. The platforms provide a wide range of services to peers which they monetise through selling advertising or promotion of listings on the platform, data use and reuse for their own or third party (marketing) purposes, and by charging fees. These include transaction fees, charged to peers on each transaction concluded on the platform; subscription fees, charged to peers on a periodical basis for access to platform services; add-on services fees for optional services; other fees such as cancellation fees, hotline fees, B2B fees etc.

Combining findings on monetisation strategies and platform services with the case studies, three main platform business models are identified:

- 1. Hosting of listings:** this model is characterised by passive matching of peer demand and peer supply: publishing listings and enabling contact and feedback between peers by publishing information from peers. These platforms earn revenues mostly by offering featured listing options, adding photos to the listings, etc. The key feature of this model is that platforms do not become involved in the peer to peer transaction.

2. **Actively managed peer transactions:** this model is characterised by the active facilitation and management of the matching of demand and supply. These platforms create value by fostering trust among peers and actively managing the matching, so as to facilitate a larger number of transactions. These platforms manage trust-building and advanced matching tools, and charge transaction fees or subscription fees. They may also charge for add-on services like insurance or premium listings. The key feature of this model is that the platform influences the peer to peer transaction but does not control it.
3. **Platform governed peer transactions:** this model, which concerns mainly the larger platforms, is characterised by setting one or more of the contractual terms of the peer to peer transaction, and exercising control over its performance. Setting contractual terms may include rules for P2P interactions, rules and fees for cancellations, and rules for refunds; (optional) automated price setting or maximum prices. Platforms in this model manage payments - receiving and holding payments of peer consumers -, monitor the success of the P2P transaction before paying out to peer providers, and frequently retain fees in case of cancellations. They further actively intervene in case of a complaint, resolve disputes and award refunds and they may include insurance against damages as part of the transaction fee. Most of these platforms charge transaction fees and re-use peer data. The key feature of this model is that these platforms restrict the ability of peers to decide contract terms between them, and give the impression (explicitly or implicitly) that they assume (partial) responsibility for the performance of the transaction.

The three business models are to some extent “incremental”: platforms that actively manage peer transactions also provide hosting and matching services, and platforms that govern peer transactions offer most of the services of the other two. Platform business models evolve over time from the simpler to the more complex models and offer a wider range of services as their user base grows.

### ***Peer experiences in online P2P markets***

More than three quarters of internet users in the ten countries surveyed for this study have over the past 12 months concluded one or more transactions on a P2P platform - 73% had used platforms for the Sale and Resale of Goods; 8% platforms for Odd Jobs, 12% platforms for Sharing/Renting of Goods, 14% Accommodation Renting/Sharing to 15% of the online population using Ride Sharing/Hiring platforms. About half of both peer providers and consumers (54%) use these P2P platforms monthly or weekly. A substantial proportion of peer providers in the accommodation sector report that they rent out accommodation on a regular basis, 15.9% once a week and 20.6 % once a month. Most peers (77% of peer providers and 83% of peer consumers) are satisfied or very satisfied and want to use the platform again in the future.

Peer consumers report frequent problems with transactions on P2P platforms. More than half (55%) have experienced at least one problem over the past year. The most frequent problems relate to the poor quality of goods or services, or to the goods and services not being as described. Problems with the quality of products/services appear to be almost twice as frequent in P2P markets (29%) as in online purchases in general (15%). However, peer consumers rate the personal detriment they experienced as low to medium. Furthermore, focus group research indicates that peer consumers may accept a higher level of risk and problems on P2P platforms as "part of the game" - in exchange for the opportunity to save money, and because most transactions are relatively low value.

More problems are reported on collaborative platforms than on (Re)sale of goods platforms. Problems on accommodation platforms were less likely to get resolved than problems on other collaborative platforms. Peer providers report fewer problems (14%) than peer consumers; most relate to cancellations (over 40%) and various payment issues (47.5%).

### ***Consumer issues and policy options***

The emergence and development of online peer to peer markets has both positive and negative effects on consumers. On the one hand, online platforms offer efficient matching of supply and demand, reduce transaction costs, and facilitate monetising of under-utilised resources and new employment opportunities. On the other hand, significant consumer issues were identified regarding a) transparency and clarity of the legal nature of transactions on P2P platforms and the applicable rights and responsibilities, b) the reliability of peer review and rating systems and accuracy of identity information; c) the discrepancy between exclusion of platform responsibility and liability for the performance of online P2P transactions and platform practices; d) access to redress for peer consumers and peer providers; and e) data use and data protection issues.

Some of the consumer issues that arise on online P2P platforms could be solved through self-regulation by the P2P platforms, notably through greater transparency about rights, obligations and responsibilities. However, self-regulatory approaches of platforms are often voluntary, they do not address all consumer issues and they mainly rely on incentives rather than systematic enforcement or sanctions. Because addressing the consumer issues above may not directly promote transactions on the platform - which is the main source of revenue of the major platforms - self-regulatory measures alone might not be sufficient.

#### ***1. Platform transparency***

One of the main issues concerning the relationship between platforms and their users relates to the lack of transparency in online P2P platform rules and practices. The survey and focus groups have shown that most peer consumers (60%) are not aware or uncertain of their rights and responsibilities in P2P transactions or who to turn to when something goes wrong. About 40% of peer providers say they do not know or are not sure about their rights and responsibilities, and about 30% think they know more or less.

At the same time about 85% of peer consumers find it important or very important that P2P platforms are clear and transparent about who is responsible when something goes wrong, and their rights in case of a problem with the price or quality of a product or service. Peer providers attach similar importance to clarity and transparency about regulations and responsibilities when something goes wrong.

To determine rights and responsibilities, distinguishing between those acting in a commercial/professional capacity and individuals acting in a private capacity is essential. The Legal Analysis finds that the 'continuity' and the 'professional nature' of the activity are the two main elements Member States use to assess, on a case-by-case basis, whether an individual is acting in a private capacity or as a trader. Sector-specific thresholds and/or tax thresholds differ from sector to sector, as well as between countries, or even regions and cities, and are not necessarily relevant to distinguish consumers from traders for consumer law purposes. Potential policy options include monitoring legal initiatives adopted at Member State level and assessing their effectiveness; and a statute of 'prosumers' or 'micro entrepreneurs' - as used in France - as a new type of economic operator.

Irrespective of the actual definition of traders and consumers, the case studies show that in practice some platforms do not allow or make it difficult for commercial peer providers to operate alongside private peers; others allow both types of peers and require peer providers to clarify whether they are acting in a private capacity or not – while others do not require providers to give any such information. This may not generate any substantial problems in the case of platforms serving smaller local communities, and/or where transaction amounts are low. But on some of the larger platforms which give peer providers opportunities to make significant profit, this lack of transparency raises concern: not identifying those who are acting as professionals or traders implies they may act as 'hidden traders'. Platforms possess the data to

assess relevant indicators, such as frequency of transactions and number of listings, and they can monitor the validity of the information given by peer providers.

Further transparency is also necessary in pricing practices. The search results on many platforms do not give the total price; platform fees which range from 10% to 25% are often added only at the booking stage. Among the 10 case study platforms only the French language version of BlaBlaCar displays prices in search results that include the transaction fee.

Transparency issues could be addressed by requiring platforms to clearly indicate the (self-declared) status of the peer provider, and that consumer law applies exclusively in transactions with traders. Platforms should ensure that peer consumers receive pre-contractual information when they engage in transactions with commercial providers. In addition, platforms could make their Terms and Conditions more user-friendly and ensure that key information about rights and responsibilities is presented more clearly and at the point of the transaction when it is most useful. Platforms could inform providers where they can find information about applicable national or local registration, licensing or authorisation requirements. Finally, awareness raising campaigns could boost online P2P platform user knowledge about their rights and responsibilities - making appropriate funding available, for example to trusted stakeholders such as consumer associations.

## ***2. Reliability of peer review and rating systems and accuracy of identity information provided on the platform***

“Trust building tools” are often presented by platforms as their main instrument for protecting peer consumers and peer providers against fraud and other risks and for ensuring the quality of goods and services and reliability of providers. While conventional businesses generate consumer trust through compliance with governmental regulations, platforms generate trust by managing peer review, rating and reputation systems and identity verification. The results of the screening of 485 platforms, the user survey and focus groups, and the case studies, indicate that the core trust building tools, peer review and rating systems as operated by most platforms and their identity verification practices, are neither fully reliable nor transparent. Their effectiveness is therefore subject to serious doubt.

Online P2P platform users do not use peer reviews and rating systems systematically and they do not always trust them. In addition, most platforms do not appear to monitor systematically whether reviews or ratings are generated by actual and genuine users. Moreover, many platforms do not offer these core trust building services. While about half (52%) of the 485 platforms screened for this study offer a peer review and rating system, almost half of them do not offer such a service. User data checks and identity verification services were identified on only 25% of platforms. Among the case study platforms, nine out of ten manage peer rating systems, and eight out of ten peer review systems.

The survey findings show that neither peer consumers nor peer providers use peer reviews or ratings systematically. Only about 40% of peer consumers and peer providers use reviews regularly, and more consult reviews before the transaction than write them afterwards. This indicates that reviews are unlikely to reflect the experience of all platform users, but those of a smaller number of more involved peers. In particular, as only 20% of peers said they left a negative review or rating after encountering a problem with a transaction, there are indications that rating and review systems may be biased.

The survey shows that although most peer consumers evaluate user review systems positively, three quarters of peer consumers have at least some reservations about their reliability and their ability to generate trust, provide adequate information, safety and protection. The focus group research indicates that, instead of relying only on peer reviews and ratings, peers evaluate the overall reliability of a platform through a combination of elements.

The case studies raise further questions about the transparency, reliability and neutrality of the management of peer review and rating systems. Most platforms do not inform users whether positive or negative reviews or ratings influence the search results or access to the platform; and those who do so, do not explain clearly how this is done. All platforms reserve the right to delete reviews if they do not respect certain standards. While some platforms systematically check reviews before publication, or monitor them afterwards, on other platforms it is not clear whether the platform monitors reviews or relies on peers to signal suspicious content. None give information to users about the representativeness and reliability of user reviews or ratings – although they hold the data to establish the relevant percentages.

The Legal Analysis and case studies found that most platforms set minimal identification requirements for registration and access (e.g. name and email address), and usually do not adopt adequate measures to verify users' identity. Almost all platforms deny responsibility for the accuracy of user information. Most case study platforms rely on user information checks through email or social media accounts. Some offer optional identity verification services and very few require official identity documents for registration.

There is therefore a need for platforms to be transparent about the mechanisms they use to manage review and rating systems, and to ensure consumer understanding of the underlying quality control system. Along the same lines as the Key Principles for Comparison Tools, platforms featuring peer review, rating or reputation systems should at least be required to be clear and transparent about how they manage and/or verify reviews; publish only genuine reviews with a date; and give information to users about the representativeness and reliability of user reviews or ratings, and on how positive or negative reviews or ratings influence the search results or access to the platform.

The professional diligence duties and the transparency requirements of the UCPD, as interpreted in the UCPD Guidance, refer to checking user identity for example when considering that platforms should ensure that reviews originate from real users and are not fake. To deal with the lack of identity verification, platforms which actively manage or govern the transactions concluded between their users, could further be required to adopt tools that help to adequately ascertain the users' identity. This may for instance include ID verification systems to check peers' identity at the time of registration, interviews, and checks against official databases or similar means.

### ***3. Discrepancy between exclusion of platform responsibility and liability for the performance of online P2P transactions and platform practices***

The business models of the largest online P2P platforms are built on the volume and value of P2P transactions they facilitate, and on their - at least partial - control over the terms and quality of these P2P transactions. Most case study platforms set at least part of the contractual terms of the P2P transaction. This may create the impression among users that the platform shares a certain degree of responsibility in case of non-performance or non-compliance of the performance. Such impressions can for instance be created by holding payments until performance/compliance of the service is confirmed or withholding payment in case of non-performance or non-compliance by peers; by imposing rules and fees for cancellations by peer consumers or providers; and by intervening to solve problems between peers through management of complaints, mediation of disputes and award of refunds.

But the terms and conditions of these platforms systematically exclude any liability of the platform in relation to the contracts concluded between the peers, and explicitly state that the platform is not a party to such contracts. For instance, all case study platforms exclude liability for the accuracy of information provided by the peer to establish whether they are a commercial or a private provider; non-performance, non-compliance of the performance by the peer providers; and the accuracy of information provided in peer-to-peer reviews.

The discrepancy between the platforms' level of intervention in the P2P transaction and the liability clauses in its T&Cs risks to confuse or mislead users with regard to the responsibility of the platform in case of problems with the P2P transaction. Most importantly, in the current legal environment there is a significant lack of clarity about the liability of platforms that do more than mere hosting of listings. When the platform actively manages P2P transactions, or governs them (business models 2 and 3) it is more likely that its users have the impression that the platform will also share a certain degree of liability – for example for unlawful behaviour on the platform, posting false or misleading listings or reviews, and non-performance or poor performance of transactions. To deal with this, stakeholders suggested clarifying the interpretation of the already existing obligations arising from EU legislation, notably with respect to platforms that actively manage and govern the transaction between the peers; taking legal initiatives at EU level to tailor the responsibility of the platform for the P2P transaction to its degree of intervention in that transaction; and testing the effectiveness of Codes of Conduct in addressing this.

#### **4. Access to redress for peer consumers and peer providers**

In most EU countries, the legal framework applicable to transactions between private peers, (i.e. C2C transactions) is not tailored to contracts concluded online through P2P platforms. For example, in C2C transactions concluded online or via online platforms, in most cases, the parties or the good are not physically present, the identity of the other peer is often not clear, and part of the terms of the contract may be determined by the platform. While no extra regulation is necessary with regards to C2C contracts concluded between two parties whose identity as consumers is clear, in cases of C2C contracts concluded online, it could instead be beneficial to make existing C2C legislation fit for digital purposes. For example, a recent amendment to the French Civil Code introduced a new provision setting out that unfair contract terms included in contracts whose content has been pre-formulated by one of the parties are void.

It could be assessed whether certain aspects of national unfair contract terms legislation could be extended to online C2C contracts where the content of the contract is to a large extent pre-determined by one of the parties, or by a third party, i.e. the platform, the parties or of the object of the contract are not physically present and there are uncertainties relating to the actual identity of one of the parties. In order to enhance the effective enforcement of existing C2C legislation in transactions on online platforms, stakeholders suggested expanding the competence of national consumer protection authorities to C2C transactions on online platforms; promoting the use of the European Small Claims Procedure on online P2P platforms for online C2C disputes with a cross-border element up to EUR 2,000; and encouraging platforms to collaborate with competent authorities to facilitate peers' compliance with local regulations.

The survey indicated that peer providers and consumers consider the platform to be an important channel for resolving issues in the P2P transaction, and found a large number of instances where they obtained solutions through the platform. The case study analysis has shown that redress and refunds in case something goes wrong are often left to the discretion of the platform which evaluates complaints on a "case by case" basis, and that the criteria for its decisions are not clearly explained to peers. This could be addressed by requiring platforms which govern P2P transactions (business model 3) to offer clearly explained, platform-managed redress options to peer consumers and peer suppliers in case of disputes. At a minimum, all platforms should in their terms and conditions set out rules and fees for cancellations/withdrawals of transactions and entitlement to refunds; the rules that apply in case of non-performance or poor performance, or if the good or service does not fit the description, including entitlements to refunds and any administrative fees. Furthermore, all platforms should also inform peers about external informal and formal redress options, including, when relevant, Alternative Dispute Resolution and cross border Online Dispute Resolution.

## **5. Data use and reuse**

Data use and reuse are common among the platforms analysed in this study and an essential part of their business models. Especially in the case of larger platforms these user data represent significant value, for the platform itself as well as for third parties, for price setting, dynamic pricing, marketing and other commercial purposes. But the information given by platforms about their data use, re-use, sharing and selling practices is in many cases not fully transparent, and it is therefore not clear if current national data protection rules are fully respected. In particular, the case study platforms do not have a clear data use policy regarding transfers to third parties. All indicate they share data with third parties, but they do not always mention that they only do so with user consent. Only BlaBlaCar mentions explicitly that they do not sell data to third parties.

Such practices, or lack of clarity about current practices of data use and reuse raise concerns regarding the protection of personal data, especially when they are shared and/or transferred to third parties for commercial purposes. As the survey and focus group results have shown, transparency about the personal and behavioural data that platforms collect, how they use them, who they share them with or sell them to, as well as information about data protection rules that apply is of utmost important for both peer providers and peer consumers. As of 25 May 2018, platforms need to comply with new obligations set out by the General Data Protection Regulation (GDPR). It is suggested that the accompanying measures to facilitate the implementation of the GDPR include specific measures focusing on its implications for online P2P platforms.

## 1 Introduction

This is the final report submitted as part of contract 2015 86 02 signed with the Consumers, Health, Agriculture and Food Executive Agency (Chafea) on an exploratory study on consumer issues in peer-to-peer (P2P) markets facilitated by online platforms<sup>1</sup>. It describes all the work carried out as part of this contract and it provides a comprehensive analysis of all findings and conclusions including policy options. This final report is complemented by a series of task reports, which give further details of the findings discussed in this document.

### 1.1 Peer to Peer online platform markets: a consumer policy perspective

#### ***EU consumer policy in an online environment***

The aim of EU consumer policy is to maximise consumer participation and trust in the market. Consumer policy generally governs Business to Consumers (B2C) interactions, and it perceives the consumer as the weaker party in such transactions.<sup>2,3</sup> A well-designed and implemented consumer policy can lead to improved transparency and better informed choices, which result in better solutions for consumers and greater market efficiency.<sup>4</sup>

With the emergence of the internet, the focus of EU-level consumer policy shifted towards online purchases and practices, towards harmonising consumer rights across Member States, facilitating cross-border and online purchasing and promoting best practices<sup>5</sup>. Today, 95% of EU consumers made at least one purchase online in the past 12 months, while 12% of EU consumers made such purchases at least every month<sup>6</sup>.

From a consumer and consumer policy perspective, online P2P transactions via platforms present both benefits and challenges. Benefits for consumers may include lower prices, efficient use of under-utilised resources and improved access to certain goods. At the same time, online P2P platforms also pose challenges to policy makers, such as the applicability and enforcement of existing consumer protection rules which apply to B2C transactions. Regulatory uncertainty brought about by the rapid development of online P2P markets could put consumer interests as well as the sustainable development of these markets at risk.

#### ***Online P2P platforms blur the distinction between consumer and provider***

As illustrated in Figure 1, there are three key actors involved in each P2P online transaction within the scope of this study:

1. The online platform which - at its most basic - acts as a "matchmaker" bringing together demand for and supply of a good or service to be rented, hired, sold,

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<sup>1</sup> The original title of the contract was for an "exploratory study on consumer aspects in the sharing economy". It was agreed over the course of the study that, given ongoing debate regarding the definition of the "sharing economy", the focus of the study was best reflected in the notion of "peer to peer markets facilitated by online platforms".

<sup>2</sup> Koopman, C., Mitchell, M., Thierer, A. (2015). The Sharing Economy and Consumer Protection Regulation: The Case for Policy Change. *The Journal of Business, Entrepreneurship & the Law*, 8(2). Available at: <https://www.mercatus.org/system/files/Koopman-Sharing-Economy.pdf>

<sup>3</sup> United Nations Conference on Trade and Development (2016). United Nations Guidelines for Consumer Protection. Available at: [http://unctad.org/en/PublicationsLibrary/ditccplpmisc2016d1\\_en.pdf](http://unctad.org/en/PublicationsLibrary/ditccplpmisc2016d1_en.pdf)

<sup>4</sup> European Parliament (2014). Study on Consumer protection aspects of financial services. Available at: [http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/507463/IPOL-IMCO\\_ET\(2014\)507463\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/507463/IPOL-IMCO_ET(2014)507463_EN.pdf)

<sup>5</sup> European Commission (2012). Staff Working Document Consumer Empowerment in the EU. Available at: [http://ec.europa.eu/consumers/archive/strategy/docs/swd\\_document\\_2012\\_en.pdf](http://ec.europa.eu/consumers/archive/strategy/docs/swd_document_2012_en.pdf)

<sup>6</sup> European Commission (2015). Provision of two online consumer surveys as support and evidence base to a Commission study: Identifying the main cross border obstacles to the Digital Single Market and where they matter most. Available at:

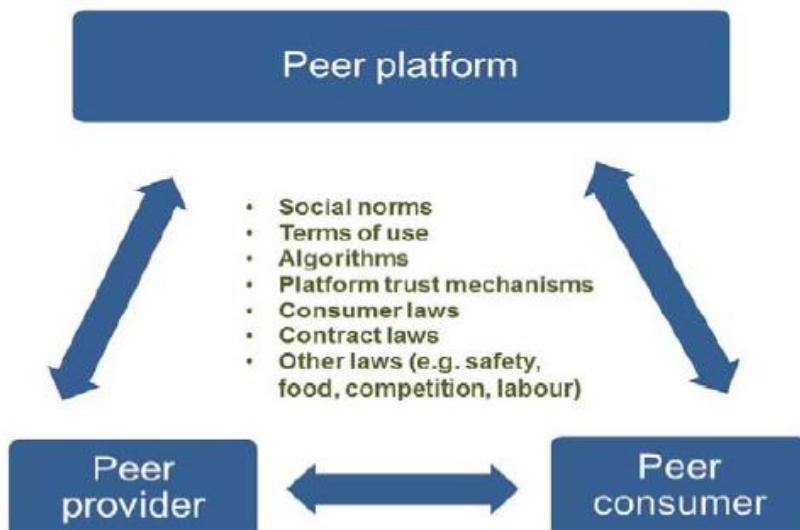
[http://ec.europa.eu/consumers/consumer\\_evidence/market\\_studies/obstacles\\_dsm/docs/21.09\\_dsm\\_final\\_report.pdf](http://ec.europa.eu/consumers/consumer_evidence/market_studies/obstacles_dsm/docs/21.09_dsm_final_report.pdf)

exchanged or shared. The platform may also supply peers with services such as instant messaging, review systems, background checks, insurance etc.

2. One “peer” acting as the provider / seller of the good or service to be shared or exchanged (peer provider); and
3. One “peer” acting as the consumer / purchaser of the good or service to be shared or exchanged (peer consumer).

At any point in time, a given peer consumer can be considered as a recipient of a service/good provided by a peer provider, and as a user of services by a P2P platform. Similarly, in addition to their main role of providing a good or service, peer providers are also users of services provided by the P2P online platform.

**Figure 1 : Different layers of rule-making on online P2P platforms**



Source: OECD (2016). *Protecting Consumers in Peer Platform Markets: Exploring the issues*. OECD Digital Economy Papers (253).

Thus, P2P platforms operate as two-sided markets bringing together actors on the demand and supply sides.<sup>7</sup> On the supply side, these actors are providers /sellers of goods/services; on the demand side, they are consumers or buyers - both can be referred to as peers, platform peers or platform users. The same platform peer may perform the role of both peer provider and peer consumer, across multiple transactions on the same or on different platforms.

This blurring of the distinction between consumers and providers makes transactions in online P2P markets fundamentally different from traditional offline B2C transactions:

- Consumers have a more active role in the transactions than in traditional markets, also acting as producers or reviewers;
- P2P platforms act as intermediaries and do not provide the goods/services that are the subject of the transactions they facilitate themselves;
- Data on peer behaviour is intensely used by P2P platforms, which may pose issues related to privacy, reputation and switching costs.<sup>8</sup>

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<sup>7</sup> Martens, B. (2016). An Economic Policy Perspective on Online Platforms. Digital Economy Working Paper 2016/05. JRC Technical Reports.

<sup>8</sup> OECD (2016). *Protecting Consumers in Peer Platform Markets: Exploring the issues*. OECD Digital Economy Papers (253).

### ***The need to explore the impact of online P2P markets on consumer aspects***

In addition to setting out the main actors, Figure 1 above also illustrates the different layers of rule-making that currently govern online P2P transactions. Some of these result from the application of existing consumer and marketing law. Others are set by online P2P platforms themselves in Terms and Conditions, Privacy Policies or Community Guidelines<sup>9</sup>, or intended to foster consumer trust in online peer to peer markets e.g. peer reviews/ratings, user reputation tools, or complaint, redress and insurance systems. There is evidence that such voluntary rule-making by online P2P platforms themselves can be useful: a PwC (2016)<sup>10</sup> study finds that 64% of peers consider peer regulation through platforms more important than government regulation.

At the same time, the fundamental objectives of consumer policy remain relevant in online P2P markets<sup>11</sup>. Transparency and easy access to information, safety of transactions and payments, fair Terms and Conditions or effective dispute resolution remain important for peers and it is not clear if voluntary action alone can effectively deliver these outcomes. Voluntary initiatives are promoted through incentives, rather than enforced through sanctions<sup>12</sup> and platforms “*may have little monetary incentive to address issues that impose costs only on third parties*” but both the platform and peer providers “*may have an interest in addressing such harms if they could be liable to third parties for such harms*”<sup>13</sup>.

## **1.2 Aims and objectives of this study**

This study is undertaken within the scope of an action covered by Objective 3 of the European Commission’s work programme for 2015<sup>14</sup> within its multiannual consumer programme for the 2014-2020 programming period. Objective 3 aims for the development and reinforcement of consumer rights, through smart regulatory action and improving access to simple, efficient, expedient and low-cost redress including alternative dispute resolution<sup>15</sup>.

The overall objective of the present - exploratory - study is to construct a picture of the main P2P markets and to identify the main issues from a consumer policy perspective.

The study objective is achieved through collecting primary and secondary data from EU Member States and Norway to provide an exploratory analysis of the:

- Indicative economic importance of P2P markets facilitated by online platforms in the EU Member States, and the main P2P business models;
- Main experiences, perceptions, expectations and problems of consumers/users in P2P markets facilitated by online platforms in 10 EU Member States;

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<sup>9</sup> Examples of community guidelines include AirBnB’s hospitality standards, Peerby’s rules, or BlaBlaCar’s Rideshare agreement. These guidelines are described in detail in the case studies under Task 4.

<sup>10</sup> PwC (2015). *The Sharing Economy*. Consumer Intelligence Series. Available at: <http://www.pwc.com/us/en/industry/entertainment-media/publications/consumer-intelligenceseries/assets/pwc-cis-sharing-economy.pdf>

<sup>11</sup> OECD (2016). Protecting Consumers in Peer Platform Markets: Exploring the issues. OECD Digital Economy Papers (253).

<sup>12</sup> E.g. through additional benefits to peers that comply, such as AirBnB’s super host badge, or Peerby’s green verification circle – see Task 4 case studies.

<sup>13</sup> US Federal Trade Commission (2016). The “Sharing Economy”. Issues Facing Platforms, Participants & Regulators. An FTC Staff Report. Available at: [https://www.ftc.gov/system/files/documents/reports/sharing-economy-issues-facing-platforms-participants-regulators-federal-trade-commission-staff/p151200\\_ftc\\_staff\\_report\\_on\\_the\\_sharing\\_economy.pdf](https://www.ftc.gov/system/files/documents/reports/sharing-economy-issues-facing-platforms-participants-regulators-federal-trade-commission-staff/p151200_ftc_staff_report_on_the_sharing_economy.pdf)

<sup>14</sup> As adopted by the Commission Implementing Decision C(2014)9393 final of 11 December 2014.

<sup>15</sup> Article 3(1)(c) of Regulation (EU) No 254/2014.

- Relevance of the EU consumer acquis and other related EU and national legislation in addressing specific issues and problems in the main P2P business models, and in its enforcement;
- Transparency of business models and effectiveness of self-regulatory mechanisms for trust building, verification, redress/complaint handling, fulfilling tax obligations as operated by online P2P platforms,
- Policy options for resolving any major issues or problems identified.

### 1.3 The scope of the study

To examine the user and consumer aspects and issues in online P2P markets the scope of the study must be clearly defined. This sub-section presents and explains the study's focus.

First, this study focuses on peer to peer transactions in markets facilitated by online platforms. The OECD has defined "peer platform markets" as a wide range of new and emerging production and consumption models that involve the commercial exchange of goods and services between peers through online platforms (websites or apps). This study thus has a different focus than publications that refer to the "sharing economy" or the "collaborative economy". For instance, the European Commission has<sup>16</sup> defined the collaborative economy as "*business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals*".

Second, the study only covers P2P transactions facilitated online where peers do not know each other personally. This delimitation ensures that the platforms considered in this study are accessible to a broad range of peer consumers. Therefore, P2P transactions that occur through direct personal contact, sharing arrangements between closed groups or friends and family, or where the sharing offer is not addressed to the public are not considered. Platforms such as BroodFonds in the Netherlands, are thus excluded.

Third, the study considers only five sectors of activity, namely:

- Selling or buying goods from other people - (Re)Sale of Goods: They include classified listings websites such as Gumtree in the UK, Kapaza in Belgium, Marketplaats in the Netherlands, or LeBonCoin in France. They also comprise marketplaces for specific items such as cars (e.g. the Bulgarian platform Car24), clothes (e.g. Trendsales in Denmark), (Cyklobazar in Czech Republic);
- Sharing and renting goods from other people - Sharing/Renting Goods: Some platforms allow to share or request items from people in their neighbourhood, such as Peerby in the Netherlands, or Skylib in Norway; or from anywhere (e.g. Trovit in the UK). Some other platforms focus on specific items, such as Kleiderkreisel in Austria (clothes), Parking Motel in Italy (parking spots), Jestocke in France (storage options);
- Sharing or renting accommodation from other people - Sharing/Renting Accommodation: They include platforms to find a long-term accommodation (e.g. SpareRoom in the UK, Stancja in Poland), holiday rentals (e.g. the Maltese platform Malta holidays, the Lithuanian platform Trumpam), house sharing (e.g. the French platform Appartager) or specific types of accommodation (e.g. the Greek-based platform Campinmygarden);

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<sup>16</sup> EC: (2016): A European agenda for the collaborative economy, COM (2016) 356 final

- Sharing or hiring a ride from other people - Sharing/Hiring Rides: Platforms of this category offer ride-sharing services (e.g. the Estonian-based platform Taxify), carpooling opportunities (e.g the French BlaBlaCar, or the Hungarian Autosztunk), or car-rental options (e.g. Mobocar in Latvia). Some also offer to rent specific cars, such as motorhomes (e.g. Rentmymotorhome in the UK) or vans (e.g. Areavan in Spain);
- Hiring other people to do odd jobs - Odd jobs: platforms for hiring non-professional people to perform personal services. The range of services offered includes teaching (e.g. Professeurparticulier in Belgium, Skillshare in Germany), cooking (e.g. Foodora in Italy), tourism guide services (e.g. Trip4Real in Spain), or dog-sitting (e.g. Housemydog in Ireland). Some, like the Polish platform Skill Trade, offer a broader range of services from design to painting or plumbing.

In addition, in line with the specifications, certain types of platforms were excluded from the scope. These include all platforms facilitating transactions in customised or tailor-made goods, in cultural products (books, films, DVDs, CDs, theatre tickets)<sup>17</sup>, food-sharing activities and real estate transactions<sup>18</sup>, professional services (e.g. legal advice, accounting and medical services, etc.)<sup>19</sup>, crowdfunding/money lending platforms; and all platforms facilitating B2C transactions such as regular B2C rental markets and B2C vehicle loan systems<sup>20</sup>.

Fourth, the study excludes platforms which do not pursue a commercial purpose (not-for-profit, charitable private initiatives). The study is limited to P2P platforms with a profit seeking motive, either financially benefiting from a monetary exchange with and between the peers or via data use and reuse.

Fifth and finally, the study's overall geographical scope includes all EU 28 Member States plus Norway. The basis of the assessment is not where the platform is headquartered but whether it *operates* in at least one of the countries within its geographical scope.

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<sup>17</sup> The exclusion of platforms such as eBay's StubHub, an entertainment tickets (re)sale platform, was decided because of specific copyright issues related to such products.

<sup>18</sup> Food-sharing platforms like EatWith or ShareYourMeal, as well as real estate P2P platforms like Landbuy or LendInvest were excluded because of specific regulatory issues in their sectors of activity.

<sup>19</sup> Professional services platforms like Freelancer.Com were excluded because they raise specific qualifications and employment issues.

<sup>20</sup> For instance, like ZipCar in the UK or Cambio in Belgium.

## 2 Methodological approach

This section presents a brief overview of the methodology adopted in each of the study tasks. Further detail on the methodological approach can be found in the respective task reports (see annexes).

### 2.1 Task 1 - Desk research and literature review

During Task 1, two data collection activities were conducted, namely:

1. A comprehensive literature review covering scientific publications and grey literature from across the EU-28 and beyond (conducted March-June 2016)<sup>21</sup>; and
2. A large-scale desk research exercise to identify and screen 485 online P2P platforms from the 28 EU countries and Norway (conducted March-December 2016).

The platform selection emphasised autochthonous platforms (i.e. platforms created nationally/locally) in each country to get a picture of the P2P market in each country. Where autochthonous platforms could not be found, popular platforms from other (often neighbouring) countries operating and with a large peer base in the country of study were included. Of the 485 platforms in the sample, only three (AirBnB, Uber and eBay) were established outside of the EU or Norway. These platforms were included in the study given their popularity and because they have a registered office in an EU country (Ireland for AirBnB and UK for Uber and eBay).

The aim of the screening was not to provide a complete inventory of P2P platforms, but to have a sample that includes platforms in all relevant sectors of activity. Initially, the selection aimed to identify five platforms per sector per country, leading to up to 25 platforms per country. This was not always possible, given the different market sizes. In larger markets like France, the UK or Germany 5 or more platforms were found in each sector. In smaller markets such as Latvia, Croatia or Slovakia only a handful of relevant platforms were identified. In countries with over 25 platforms, the selection was focussed on the most popular platforms in terms of daily unique visitors.<sup>22</sup>.

Platforms were selected using local experts as well as desk research (e.g. grey literature, websites of consumer associations, consumer blogs and forums, media). Desk research was combined with the survey data from Task 2 to identify the most commonly-used online P2P platforms in each country for each of the five sectors included in the scope of the study. Of the 485 platforms identified in Task 1, 10 were selected for a more in-depth analysis as part of the Task 4 case studies. The selection was done in agreement with the European Commission based on popularity in terms of daily unique visitors, and sectorial coverage.

The table below outlines the number of platforms per country and per sector which were screened during Task 1.

**Table 1: Number of P2P platforms per country and sector included in Task 1**

| Country | (Re)sale of goods | Sharing/renting goods | Sharing/hiring rides | Sharing/renting accommodation | Odd jobs | Total - collaborative platforms (excluding | Total all platforms |
|---------|-------------------|-----------------------|----------------------|-------------------------------|----------|--|---------------------|
|---------|-------------------|-----------------------|----------------------|-------------------------------|----------|--|---------------------|

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<sup>21</sup> The date of June 2016 refers to the conclusion of the systematic literature review across all countries covered. Where the study team became aware of additional relevant material after that date, this was of course still included in the analysis.

<sup>22</sup> See Task 1 report annex for a full list of platforms included in the analysis.

|                |     |    |    |    |    | re-sale of goods) |     |
|----------------|-----|----|----|----|----|-------------------|-----|
| Austria        | 6   | 3  | 1  | 6  | 4  | 14                | 20  |
| Belgium        | 6   | 4  | 6  | 6  | 7  | 23                | 29  |
| Bulgaria       | 10  | 1  | 8  | 0  | 2  | 11                | 21  |
| Cyprus         | 8   | 0  | 2  | 3  | 1  | 6                 | 14  |
| Czech Republic | 6   | 4  | 1  | 1  | 0  | 6                 | 12  |
| Germany        | 5   | 5  | 7  | 4  | 5  | 21                | 26  |
| Denmark        | 5   | 6  | 4  | 2  | 5  | 17                | 22  |
| Estonia        | 5   | 3  | 4  | 0  | 1  | 8                 | 13  |
| Spain          | 5   | 5  | 5  | 4  | 4  | 18                | 23  |
| Finland        | 5   | 2  | 3  | 1  | 1  | 7                 | 12  |
| France         | 5   | 5  | 5  | 5  | 5  | 20                | 25  |
| Greece         | 5   | 1  | 2  | 0  | 2  | 5                 | 10  |
| Croatia        | 5   | 0  | 1  | 0  | 0  | 1                 | 6   |
| Hungary        | 8   | 1  | 4  | 3  | 1  | 9                 | 17  |
| Ireland        | 1   | 4  | 0  | 4  | 4  | 12                | 13  |
| Italy          | 5   | 6  | 5  | 0  | 4  | 15                | 20  |
| Lithuania      | 9   | 3  | 0  | 4  | 4  | 11                | 20  |
| Luxembourg     | 4   | 1  | 1  | 7  | 0  | 9                 | 13  |
| Latvia         | 2   | 0  | 1  | 0  | 0  | 1                 | 3   |
| Malta          | 5   | 3  | 1  | 2  | 0  | 6                 | 11  |
| Netherlands    | 9   | 3  | 5  | 4  | 7  | 19                | 28  |
| Norway         | 5   | 1  | 2  | 1  | 3  | 7                 | 12  |
| Poland         | 5   | 5  | 7  | 3  | 5  | 20                | 25  |
| Portugal       | 5   | 2  | 3  | 3  | 2  | 10                | 15  |
| Romania        | 6   | 4  | 2  | 1  | 1  | 8                 | 14  |
| Sweden         | 6   | 4  | 0  | 2  | 1  | 7                 | 13  |
| Slovenia       | 5   | 2  | 3  | 3  | 1  | 9                 | 14  |
| Slovakia       | 4   | 0  | 0  | 2  | 0  | 2                 | 6   |
| UK             | 7   | 4  | 6  | 5  | 6  | 21                | 28  |
| Total          | 162 | 82 | 89 | 76 | 76 | 323               | 485 |

The detailed output of this task is presented in the Task 1 report. Key findings are reported in the present final report. The Task 1 report addresses the following requirements of the terms of reference for this study:

1. An indication of the economic importance of the P2P market sectors facilitated by online platforms and of P2P cross-border transactions in the 28 Member States; and
2. A typology of the main business models in P2P markets facilitated by online platforms as relevant from a consumer perspective.

## 2.2 Task 2 – Survey

This task focused on the collection and analysis of P2P market user data. The survey is a standard online survey measuring respondents' attitudes and self-reported behaviour with their experiences as peer consumers and peer providers on online P2P platforms.

The survey was conducted in 10 EU Member States, using the GfK consumer panels<sup>23</sup>. A representative sample of the online population (aged 18 years or older) in each country was screened on their experience with five categories of online P2P platforms. Based on this screening questionnaire, respondents were selected if they had used one or more of the P2P platforms within the scope of this study, resulting in about 1,000 users of P2P platforms in each country (see Table 2).

<sup>23</sup> <http://www.gfk.com/solutions/consumer-panel/>

Respondents were selected when they had acted as peer consumers, peer providers or both in the last 12 months. Respondents with both peer consumer and peer provider experience first answered the questionnaire from the perspective of the peer consumer and then from the perspective of the peer provider. Respondents who had experience with more than one platform, were asked to complete the questionnaire twice: for two different platforms as a user *or* as a provider. Respondents that had experience with multiple platform types, were allocated to the platform type for which the lowest number of responses had been obtained. The length of the survey was between 10 and 15 minutes per platform.

The survey was piloted on at least 50 respondents in each country to check data quality and to identify additional relevant online P2P platforms for inclusion in the pre-defined list of platforms in the questionnaire.

Following the pilot, the full survey was launched on 4 May 2016 and closed on 18 May 2016. The table below provides an overview of the sample size obtained in each country.

**Table 2: Sample size in Task 2 survey**

| <b>Country</b>         | <b>Sample size</b> |
|------------------------|--------------------|
| <b>Bulgaria</b>        | 1,002              |
| <b>Denmark</b>         | 1,000              |
| <b>France</b>          | 1,001              |
| <b>Germany</b>         | 1,003              |
| <b>Italy</b>           | 1,000              |
| <b>The Netherlands</b> | 1,003              |
| <b>Poland</b>          | 1,004              |
| <b>Slovenia</b>        | 1,003              |
| <b>Spain</b>           | 1,001              |
| <b>UK</b>              | 1,002              |
| <b>TOTAL</b>           | 10,019             |

The detailed output of this task is presented in the Task 2 report. Key findings are reported in the present final report. The task 2 report addresses, together with the Task 3 focus group report, the following elements in the terms of reference for this study:

- Measure participation in P2P transactions / registration on P2P platforms;
- Assess P2P experiences of active peer-suppliers and peer-consumers, including the type of problems encountered and action taken to solve problems or complaints;
- Assess expectations and satisfaction with peer review/rating systems, verification and complaint handling by online platforms facilitating P2P transactions; as well as expectations regarding consumer rights/protection in P2P context/communities, awareness of risk of engaging in P2P;
- Identify obstacles to engaging (more) in P2P transactions.

## 2.3 Task 3 – Focus groups

To gain a deeper understanding of the behaviour of peers, focus groups with peers active on relevant online P2P platforms were organized in each of the 10 countries<sup>24</sup>

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<sup>24</sup> The cities where the fieldwork took place are London (UK), Milan (Italy), Paris (France), Nürnberg (Germany), Madrid (Spain), Warsaw (Poland), Ljubljana (Slovenia), Sofia (Bulgaria), Hilversum (The Netherlands) and Copenhagen (Denmark).

included in the consumer survey. Preliminary findings from the survey were used to elaborate the focus groups guidelines.

Fieldwork took place in the week of 23<sup>rd</sup> to 27<sup>th</sup> of May. A 2-hour focus group was held in one city in each country with a minimum of 7 or 8 active users of online P2P platforms. Participants were recruited via specialised agencies and in line with the screening criteria in table 3 used:

**Table 3: Task 3 criteria for focus group recruitment**

| Topic                        | Criterion                     | Quota  |
|------------------------------|-------------------------------|--------|
| <b>Gender</b>                | Male                          | min. 3 |
|                              | Female                        | min. 3 |
| <b>Age</b>                   | 18-34                         | min. 4 |
|                              | 35-54                         | min. 2 |
|                              | 55+                           | min. 1 |
| <b>Education</b>             | secondary education           | min. 1 |
|                              | tertiary - vocational         | min. 1 |
|                              | tertiary - higher education   | min. 2 |
| <b>Experience</b>            | as peer-consumer              | min. 3 |
|                              | as peer-supplier              | min. 3 |
| <b>Type of platform used</b> | (re)sale of goods             | min. 1 |
|                              | sharing/renting goods         | min. 1 |
|                              | sharing/renting accommodation | min. 1 |
|                              | sharing/hiring rides          | min. 1 |
|                              | odd jobs                      | min. 1 |

The detailed output of this task is presented in the Task 3 report. Key findings are reported in the present final report. The Task 3 report addresses the following elements in the terms of reference for this study:

- Further explore P2P experience, perceptions, problems and expectations with richer qualitative information; and
- Gather insights about the underlying attitudes of peers to P2P market activities and the performance of online platforms in particular.

## 2.4 Task 4 – Case studies

The aim of task 4 was to assess platform transparency, and the effectiveness of trust building and verification mechanisms, as implemented by a selection of P2P platforms in the five sectors of activity, and representing some of the main business models in P2P markets. To do this, 10 platform case studies were carried out: Yoopies, Wimdu, Wallapop, EasyCarClub, Nimber, Peerby, BlaBlaCar, AirBnB, Uber Pop/Pool, eBay between June and December 2016.

Each case study included:

- Qualitative interviews with representatives of platforms (semi-structured, via telephone and face-to-face when possible);
- Document analysis (company documents, reports and studies);
- Analysis of the online platform; and
- Mystery shopping.

The interpretative synthesis of these different data sources provided the basis for the analysis of each case<sup>25</sup>. In-depth interviews were carried out to capture non-codified, tacit information and assessments.

The detailed output of this task is presented in the Task 4 report which includes the cross-analysis of all 10 case studies as well as 10 standalone case study reports (1 per platform). Key findings are reported in the present final report. The task 4 report addresses the requirement in the terms of reference to gather in-depth data about:

- Transparency: clarity about legal identities of peers and platforms, responsibilities, insurance and recourse/redress mechanisms, tax obligations;<sup>26</sup>
- Trust building (ratings, pictures) and verification of peer information and criteria;
- Access to private/self-regulatory complaints, redress and insurance mechanisms; and
- Information to platform users: terms and conditions, data protection.

## 2.5 Task 5 – Legal Analysis

The Legal Analysis identified and analysed the national legislation distinguishing between B2C and C2C transactions, as well as national/regional and local provisions applying to C2C transactions and online platforms facilitating P2P transactions. This formed the basis for assessing the relevance of the EU consumer *acquis* and Member State legislation and identifying gaps and problems that national authorities encounter in applying the relevant national rules, both nationally and in cross-border transactions. Task 5 also gives an overview of relevant legal and policy initiatives, already adopted or in the pipeline.

The cut-off date for the Legal Analysis was the end of May 2016. However, developments occurring after that date up until the end of September 2016 were considered wherever possible.

The methodological approach adopted consisted of three main steps:

1. EU-level research aimed at giving a brief overview of the EU *acquis* relevant to online platforms facilitating P2P transactions, or that could be relevant to P2P transactions, as well as relevant EU case-law.
2. National-level research across the EU-28 Member States aimed at identifying and analysing: i. national indicators distinguishing between B2C and C2C transactions; ii. national legislation applicable to C2C transactions; iii. national rules applicable to online platforms facilitating P2P transactions; iv. any relevant specific national, regional or local measure taken by Member States; v. relevant national case-law. To validate the findings of the national research and gather more practical data and information, the national experts interviewed an average of three national stakeholders per Member State.
3. The cross-analysis aimed at identifying the main consumer issues within online P2P markets, especially those with a cross-border element. For this purpose, the Legal Analysis Team compared the findings of the EU-level and national-

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<sup>25</sup> Yin, Robert K.: Case Study Research – Design and Methods (2003), Sage Publications

<sup>26</sup> The terms of reference also mentioned the need to distinguish between non-profit and for profit platforms – since not for profit platforms were out of scope of the study, this element was not covered in the report

level research, as well as the results of the stakeholder consultation carried out by national experts.

The detailed output of this Task is presented in the Task 5 Legal Analysis Report. Key findings are reported in the present final report. The Task 5 Report addresses the following objectives:

- Analyse the extent to which EU consumer law Directives are relevant to C2C transactions and online platforms facilitating P2P transactions;
- Analyse the key national-level indicators used in the Member States to distinguish between B2C and C2C transactions and related application problems experienced by national authorities;
- Map the national legislation of all EU Member States relevant to C2C transactions and analyse relevant rights and obligations of private individuals covered by this legislation compared to consumer rights guaranteed under the national legislation applicable to B2C transactions;
- Identify and analyse national rules applicable to online platforms facilitating P2P transactions concerning the role and responsibilities of platforms towards peers and related potential issues for peer consumers and suppliers;
- Identify any issues or problems that national authorities encounter in applying the relevant national rules and their application to cross-border transactions facilitated by platforms, as well as any relevant EU and national case-law which may have caused adaptations or changes in the relevant national legal framework or highlighting how these rules are applied in practice;
- Give an overview of legal and policy initiatives being pursued at national, regional and local levels.

## 2.6 Task 6 – Workshops

As part of the study, two workshops were held with selected stakeholders, including EU, national and regional policy makers, representatives of the platforms and consumer associations.

- The first workshop focused on economic issues related primarily to the preliminary results of Task 1 of the study as well as early findings of Task 2 (consumer survey). The first workshop was held in London on May 12, 2016.
- The second workshop took place in Brussels on October 3, 2016. During the workshop selected stakeholders discussed the draft results of the study and they worked together on potential responses to any consumer issues raised by the research.

Both workshop agendas and list of participants are presented in Annexes.

The detailed output of this task is presented in two Task 6 workshop reports. Key findings are included in the present final report document. The two workshops together address the following elements in the terms of reference for this study:

- Present and discuss preliminary findings of the study;
- Discuss relevant (policy) initiatives in Member States and assess their (potential) effectiveness in enhancing transparency and legal certainty;
- Discuss theoretical and practical (policy) options for improving transparency and legal clarity such as reactive adaptation, dual regulation, self-regulation, awareness raising and their respective advantages/disadvantages;
- Discuss issues raised by the Legal Analysis and their impact on innovation and growth in the P2P markets facilitated by online platforms;
- Develop options for improving transparency and legal clarity to effectively address issues and problems in transactions in the P2P markets covered by the study; and
- Develop options for follow-up at EU level, taking subsidiarity and proportionality of actions or measures vs. fragmentation resulting from different policy interventions in Member States into account.

## 2.7 Data availability and data gaps

Throughout the above tasks, one of the key challenges of the study related to gaps in data availability on certain platform characteristics. These included for instance, financial records (revenue, profitability), figures on the number of active peers per country or on mobile apps, or information on the monetisation of user data. Further research into these fields would be beneficial to complement the findings of the present study

### 3 State of play of online P2P platform markets

This section provides an overview of the main P2P markets facilitated by online platforms in the EU-28 and Norway, as well as an indication of the economic importance of the sectors of activity within scope of the study and of P2P cross-border transactions.

#### 3.1 Size of P2P platforms

Among the 485 platforms screened for this study there are large differences in platform size insofar as can be deducted from unique visitor numbers of websites, both between the P2P markets and within them. A large majority of the platforms, 81% of the 485 platforms in the sample, are small or medium-sized (below 10,000 daily visitors) while 20 platforms (4%) are very large, with more than 100.000 unique visitors per day. Depending on the sector, 21 to 41% of platforms examined operate an app, either exclusively or in addition to a website – no data for app use were available. The websites of (re)sale platforms are by far the most visited and it is in this sector where there are the largest differences in platform size or popularity.

#### 3.2 Overview of services offered by P2P platforms

Figure 2 shows the range of services that online P2P platforms provide, categorised according to the point at which they occur in the P2P transaction. The selection of these services was shaped by academic research in P2P markets as well as by empirical research on 485 P2P platforms which were screened for this study. The list of services includes elements such as pre-contractual information, Terms and Conditions, payments, complaints handling and access to redress mechanisms, which are considered relevant from a consumer policy perspective – for example by the OECD (2016)<sup>27</sup>, as well as trust building tools such as reputational review and rating systems, identity verification, and insurance, which are often cited in literature<sup>28,29</sup>.

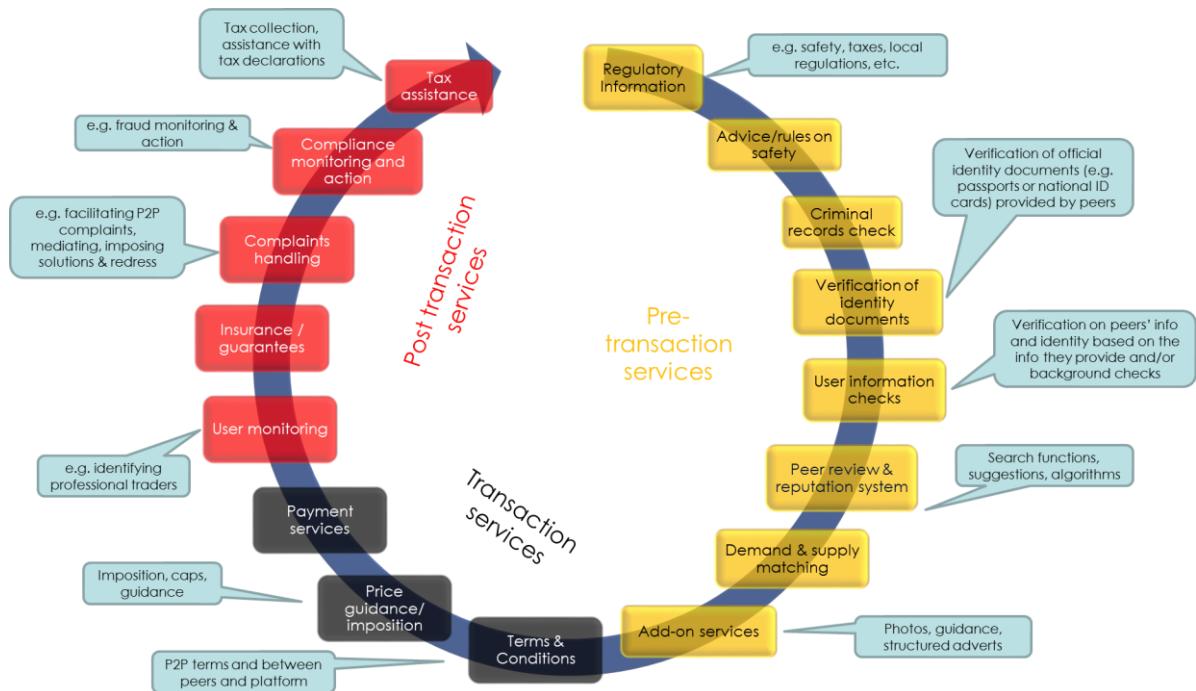
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27 OECD (2016). Protecting Consumers in Peer Platform Markets: Exploring the issues. OECD Digital Economy Papers (253).

28 Allen, D. and Berg, C. (2014). The sharing economy. How over-regulation could destroy an economic revolution. Available at: [https://ipa.org.au/portal/uploads/Sharing\\_Economy\\_December\\_2014.pdf](https://ipa.org.au/portal/uploads/Sharing_Economy_December_2014.pdf)

29 Anders Hansen Henten, Iwona Maria Windekilde, (2016) "Transaction costs and the sharing economy", info, Vol. 18 Iss: 1, pp.1 – 15. Retrievable at: <http://www.emeraldinsight.com/doi/pdfplus/10.1108/info-09-2015-0044>

**Figure 2: Services provided by P2P platforms**



Source: VVA

Pre-transaction services create the conditions for peers to enter into a P2P transaction on the platform. These services may help lower transaction costs<sup>30</sup>, encourage peers to register on the platform, or create a trustworthy environment through e.g. peer review systems, user identity verifications or platform information regarding rules or safety. From a consumer protection perspective, services at this stage of the transaction should help improve transparency and allow peers to make well-informed decisions.

Transaction services determine the way the actual transaction occurs. This can include rules pertaining to the transactions (i.e. Terms and Conditions), systems for setting prices or providing pricing guidance and facilitating payments. From a consumer protection perspective, platforms should ensure that payments are secure and that a clear set of rules is in place to govern transactions.

Finally, among post transaction services, platforms engage in user monitoring (for instance to identify professional traders or fraudulent users), complaints handling, facilitating contacts between peers in case of complaints, and/or mediating and seeking, imposing or offering solutions and redress. This may also include tax collection services on behalf of peer providers or assistance with tax declarations<sup>31</sup>. From a consumer protection perspective, there is a need to have a clear post-transaction process, as well as rules regarding responsibility and liability in case there are any issues with the transaction between the peers, or in the relationship between peers and platform (including e.g. data re-use).

The table below summarises the different services provided by platforms to peers captured in this study by stage and type and gives a brief description of each type of service as used in the remainder of the study.

<sup>30</sup> Allen, D. and Berg, C. (2014). The sharing economy. How over-regulation could destroy an economic revolution. Available at: [https://ipa.org.au/portal/uploads/Sharing\\_Economy\\_December\\_2014.pdf](https://ipa.org.au/portal/uploads/Sharing_Economy_December_2014.pdf)

<sup>31</sup> For example, platforms such as Yoopies assist peer providers with filling in their tax declaration.

**Table 4: Overview of P2P platform services**

| Stage of the transaction | Service type  |                                      | Service description   |
|--------------------------|---|--------------------------------------|---|
| Pre-transaction          | Regulatory information                                  | Information on rules & taxes         | Information on the applicable rules in the sector (e.g. health and safety rules, local regulations, etc.) and potential tax implications of P2P transactions.                                       |
|                          | Advice/rules on safety                                  |                                      | Advice on how to ensure safety in P2P transactions for peers, and /or rules on how to enforce safety.   |
|                          | Identity verification                                   | Pre-screening                        | Criminal records check  |
|                          |   |                                      | Background check of the peers' criminal history.  |
|                          |   | Verification of identity documents   | Verification of official identity documents (passports or national ID cards) provided by peers,   |
|                          | User information checks (through email or social media) |                                      | Opportunity to confirm user information and identity through automated email or phone and links to social media accounts or other background checks.  |
|                          | Demand & supply matching                                |                                      | Tools used to actively stimulate the matching between peer providers and peer consumers, such as advanced search functions, geolocation, matching algorithms, etc.                                  |
|                          | Add-on services   |                                      | Provision of add-on services to the P2P interaction, including advice on presenting listings, enhanced promotion features of listings, options to further verify identity, invoicing services, etc. |
|                          | Peer review & Reputation system                         | Peer review and rating system        | Availability of a review and feedback system on other peers that is visible to the community, e.g. via a star-based rating mechanism, written feedback, etc.  |
|                          |   | Reputation system                    | Systems which reward peers for good performance i.e. through profile badges and special ratings   |
| Transaction              | Terms & Conditions                                      | T&Cs - platform use                  | T&Cs for using the platform's services.   |
|                          |   | T&C - P2P interactions <sup>32</sup> | T&Cs governing, in part or in full, the interaction between peers.  |

<sup>32</sup> T&Cs for P2P interactions range from simple guidelines on keeping the transaction within the law (e.g. provide truthful information) to setting contractual conditions like cancellation policies or rules of behaviour (e.g. TaskRabbit has a set of marketplace guidelines in place to adjust peer provider services to their standards).

| Stage of the transaction | Service type                     |                                  | Service description   |   |
|--------------------------|----------------------------------|----------------------------------|---|---|
|                          | Price guidance/imposition        |                                  | Mechanisms affecting the pricing of goods/services: imposing a certain price/price range/maximum price, providing price setting tips or setting prices automatically. |   |
|                          | Payment services <sup>33</sup> . |                                  | Availability of payment methods for peers to complete their transactions, including management of payment by platforms and escrow services                            |   |
| Post-transaction         | User monitoring                  |                                  | Monitoring of user activity to ensure compliance with the platform's rules and/or T&Cs.   |   |
|                          | Insurance/guarantees             |                                  | Insurance services, either mandatory or optional, to the transaction.   |   |
|                          | Complaints handling              |                                  | Availability of mechanisms to handle peer complaints, e.g. via email, ticketing service, hotline, etc.  |   |
|                          | Compliance monitoring and action |                                  | Monitoring of the goods and services listed on the platform and active engagement in detecting and removing the fraudulent ones.                                      |   |
|                          | Tax assistance                   | Tax collection                   |   | Platforms on behalf of relevant authorities collected relevant taxes from peer provider                     |
|                          |                                  | Assistance with tax declarations |   | Platforms assist with tax declaration which then peers can report to the relevant authorities <sup>34</sup> |

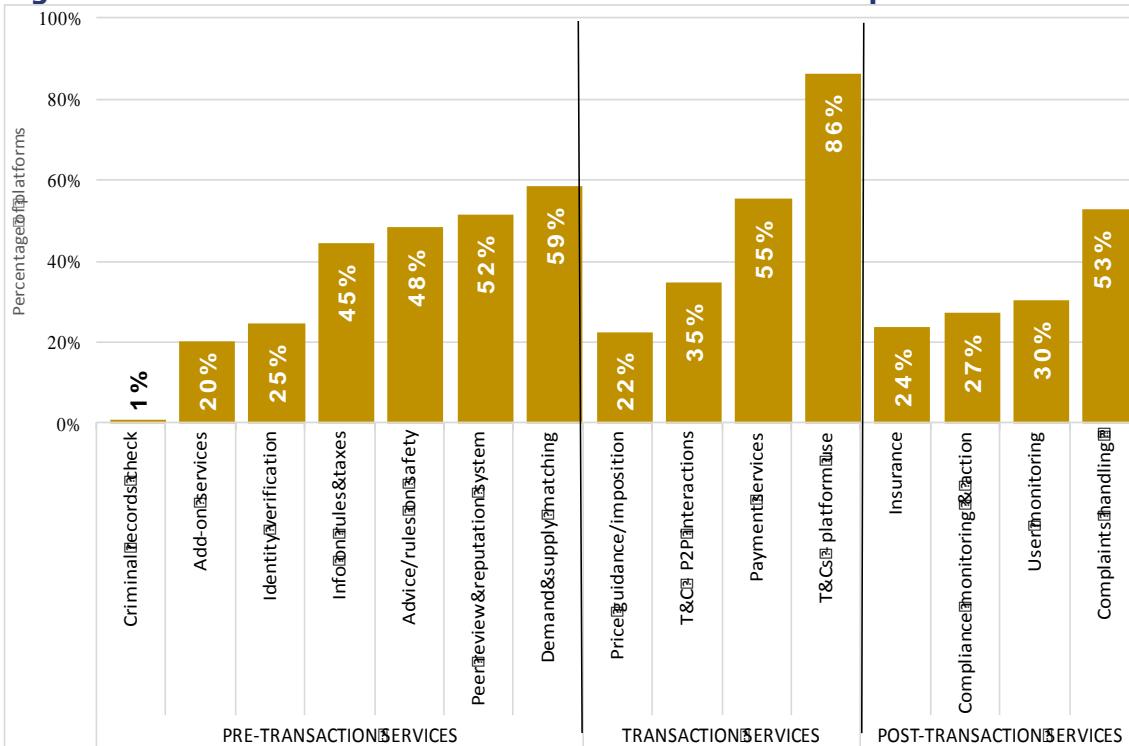
Source: VVA

Figure 3 illustrates the prevalence of the above platform services across the sample of 485 P2P platforms in all EU Member States and Norway. The results show that there is a great diversity in the range of services offered across P2P marketplaces in Europe.

<sup>33</sup> This covers only payments facilitated or managed by platforms, so payments outside the platform (e.g. in cash) are not covered.

<sup>34</sup> Services such as tax collection and assistance with tax declarations originate from the case study analysis under Task 4 and they were not included in the Task1 data collection.

**Figure 3: Prevalence of different services in selected P2P platforms**



Source: VVA analysis of 485 platforms, see Task 1 report (Section 1.3) regarding platform selection criteria and definition of each of the services included in the research.

Figure 3 further indicates that the focus of P2P platform services is on the pre-transaction phase, as confirmed by the literature and by stakeholders attending the first workshop held in the scope of this study. According to Brescia (2016), whereas conventional businesses generate trust among consumers via explicitly complying with governmental regulations, platforms must seek other ways of creating trust<sup>35</sup>, including, as Slee (2013)<sup>36</sup> or Lobel (2016)<sup>37</sup> suggest, through reputational systems such as reviews, ratings and recommendations.

The results also show that a significant number of platforms do not offer certain key services to ensure transparent, fair and safe transactions for consumers.

- At the pre-transaction phase only about half of the platforms actively seek to promote trust through safety information or peer review systems. Even fewer platforms actively promote safer transactions through checking peer identity or other user information (25%), or running criminal checks (1%).
- In terms of transaction services: the vast majority (86%) of P2P platforms have T&Cs determining the relationship between themselves and the peers, but only one third (35%) also have specific T&Cs for P2P interactions. More than half (55%) facilitate or manage payments themselves, and 22% of all platforms in the sample suggest or impose prices for the P2P transactions<sup>38</sup>.

<sup>35</sup> Brescia, 2016

<sup>36</sup> Slee, T. (2013). Some obvious things about internet reputation systems. Available at: <http://tomslee.net/2013/09/some-obvious-things-about-internet-reputation-systems.html>

<sup>37</sup> Lobel, O. (2016). The Law of the Platform. Univ. of San Diego, Legal Studies Research Paper Series, Mar. 2016, available at <http://ssrn.com/abstract=2742380>.

<sup>38</sup> For instance, AirBnB provides a “smart pricing” option whereby peer providers can choose to allow the platform to set a price, within a range indicated by the peer, in function of supply and the demand. Transport platforms such as BlaBlaCar or Uber also give pricing guidance: Uber sets by default a maximum recommended price, which drivers can adjust downwards through the mobile app. BlaBlaCar computes a price per kilometre based on fuel and

Credit cards are the most widely-used payment method - available on 70% of platforms offering a payment service, followed by debit cards (44%) and PayPal (37%). Management of payments by the platform itself includes escrow services, meaning that the platform holds the payment from the peer consumer until it is confirmed that the transaction is completed successfully.<sup>39</sup>

- At the post-transaction stage: more than half have a complaint handling system (53%) and one in four platforms offer insurance (24%). Less than a third of platforms engage in user monitoring (30%) or compliance monitoring (27%).

There are notable differences between platform services by sector:

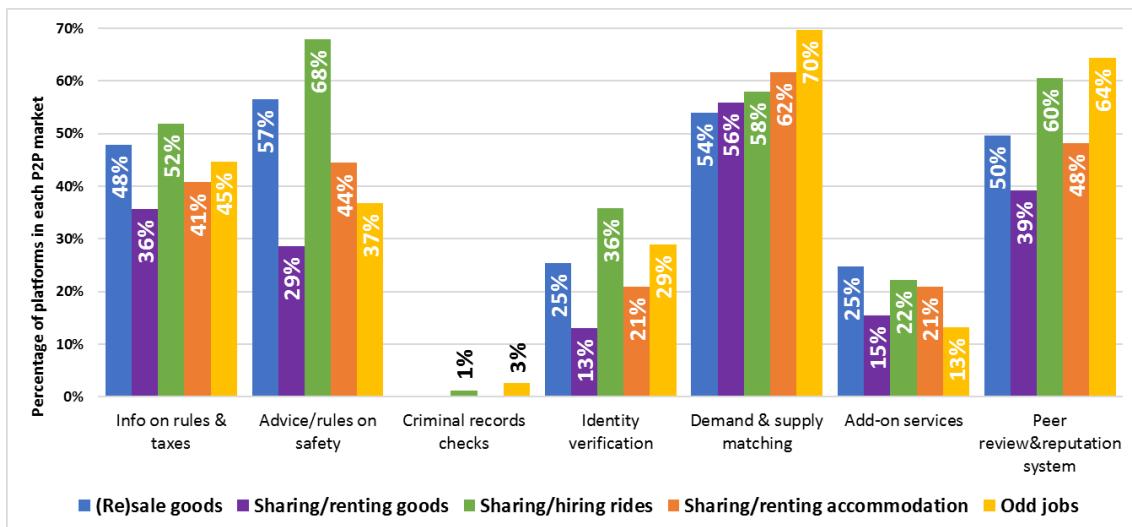
- There are differences in how platforms in each market try to build trust. For instance, sharing/hiring rides platforms tend to foster trust in the pre-transaction phase via advice/rules on safety (68%), peer review and reputation systems (60%), information on rules and taxes (52%) or user data and identity verification mechanisms (36%). The strategy adopted by (re)sale of goods platforms to build trust relies more on post-transaction services like user monitoring or anti-fraud monitoring and action.
- User data and identity verification is more frequent and systematic in the sharing/hiring ride sector than in the other sectors: in the accommodation sector only 21% of platforms perform some form of check. The lack of certainty regarding other peers' identity may create safety issues or complications in case something goes wrong with the transaction.
- Platforms facilitating the sharing/renting of accommodation and sharing/renting of goods provide fewer pre-transaction trust-building services like peer review systems or identity verification than platforms engaged in sharing/hiring rides, odd jobs and (re)sale of goods.
- One third of platforms set terms for P2P interactions and/or P2P transactions; 27% of platforms in the (re)sale of goods sector do so, 15% of the sharing/renting accommodation platforms and 17% of the sharing/renting of goods platforms.
- Post-transaction services: sharing/hiring rides platforms are more likely to offer insurance, while (re)sale of goods platforms engage more in monitoring of user behaviour and listings.
- In the post-transaction phase, platforms do not systematically monitor users' compliance with platform rules: only 30% of all platforms do so. This relatively low level of compliance monitoring increases the risk of unfair or fraudulent activity.
- About half of the platforms in the four collaborative sectors offer complaints handling and only about a quarter engage in user or compliance monitoring.
- Monitoring of compliance of peers with platform rules varies between sectors: almost half of the (re)sale of goods platforms monitor peer behaviour, but only 11% of platforms in the sharing/hiring rides sector do so.
- A quarter of all platforms (24%) provide insurance to peers, either included in the price or against an additional charge. Sharing/hiring rides platforms are more likely to offer insurance than other platforms (31%)

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other costs, and allows the driver to revise it by 50% upwards or downwards, but not beyond. Peerby Go imposes prices for the renting of items, based on algorithms of supply and demand for such items.

<sup>39</sup> This finding results from the case study analysis. Escrow services were not included in Task 1 data collection.

**Figure 4 : Pre-transaction services, divided by P2P market**



Source: VVA analysis based on data collected from the websites of 485 sharing platforms from March to December 2016

In terms of platform accessibility, Figure 5 below shows that the availability of mobile apps in the sample of 485 platforms ranges from 21% on sharing / renting of accommodation platforms, to 40% of (re) sale platforms and 42% of sharing/hiring of rides platforms. This indicates that only a minority of P2P transactions occurs via mobile apps, and a majority via websites. Across the sample, 32% of all P2P platforms have mobile apps. However, data on usage of app-based P2P platforms are not readily available.

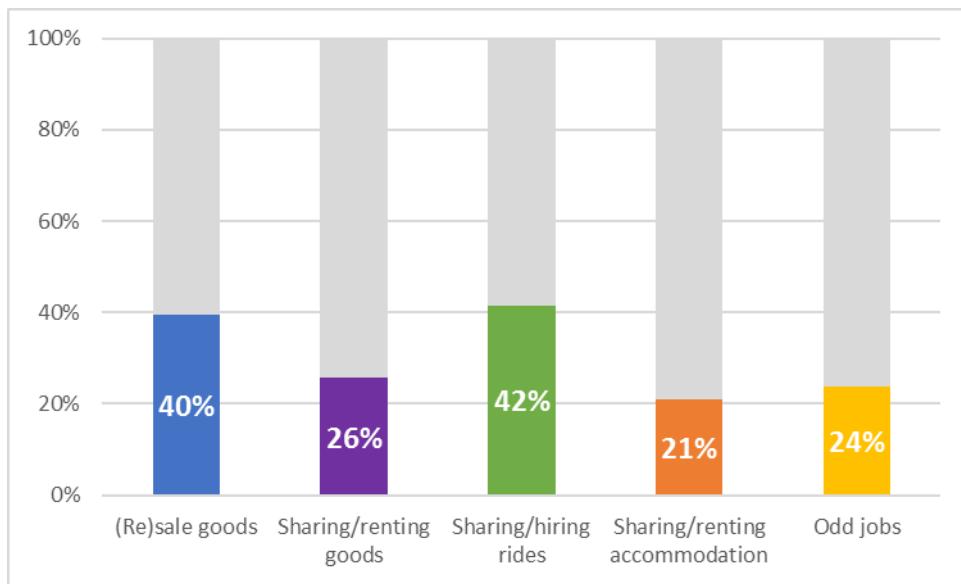
App based interfaces raise specific consumer issues such as small displays, ads, lack of pinch-zoom functionality, performance or poor navigation<sup>40</sup>. Indeed, already in 2007, the OECD raised a number of privacy and security issues in relation to mobile commerce. These included, but were not limited to the impact of location-based services, provision of information on terms and conditions, privacy policies or complaint procedures due to limited capacity of the screens on mobile devices and provision of secure payment scheme, including authentication, to prevent unauthorised use<sup>41</sup>. As the OECD (2016)<sup>42</sup> also points out, when mobile devices are used for e-commerce activities, consumers tend to make more rash decisions and they may fail to understand their rights and obligations.

<sup>40</sup> Abramovich, G. (2017). Study: Smartphone Traffic Grows Fast, But Revenue Still Lags Desktop. Adobe Digital Insights Research. CMO.com. Available at: <http://www.cmo.com/adobe-digital-insights/articles/2016/10/7/adi-mobile-retail-benchmark-2016.html#gs.0pR7NJI>

<sup>41</sup> OECD (2007). Mobile Commerce. OECD Digital Economy Papers No. 124 . Available at: <http://www.oecd-ilibrary.org/docserver/download/231111848550.pdf?Expires=1491394176&id=id&accname=guest&checksum=16C6FAC3A47B15B1FD25AC62B6F51EA2>

<sup>42</sup> OECD (2016). Consumer Protection in E-Commerce. OECD Recommendation. Available at: <http://www.oecd.org/sti/consumer/ECommerce-Recommendation-2016.pdf>

**Figure 5: Availability of mobile apps on P2P platforms, per sector of activity**



Source: VVA analysis of 485 platforms, see Task 1 report (Section 1.3)

### 3.3 Peer usage of P2P platforms

In the consumer survey carried out for this study, 77% of the online population in 10 MS indicated that they had used at least one online P2P platform in one of the five sectors of activity examined during last 12 months. Most of the 23% of respondents who had not used such a platform, said they might do so in the future<sup>43</sup>. These figures are higher than those reported in other studies because this survey includes (Re)Sale platforms<sup>44</sup>, in addition to collaborative or “sharing economy” P2P platforms. Concretely, 73% of all survey respondents had used (Re)Sale platforms, while between 8% and 15 % had used one or more of the collaborative platforms.

**Table 5: Usage of online P2P platforms**

| Used at least one platform | Never used a P2P platform | May use a P2P platform in the future |
|----------------------------|---------------------------|--------------------------------------|
| 77%                        | 23%                       | 17.3%                                |

Source: Task 2 survey results; Base: All respondents – including screen outs (N=14597)

When using P2P platforms, most survey respondents (72%) had acted both as peer consumers and peer providers and most peer consumers and peer providers had used only one platform (respectively 78% and 79%).

Not all survey respondents who indicated that they had used an online P2P platform also reported how much they spent or earned. But a very large majority (85%) of those who said they used platforms did report at least some spending or earnings from transactions (either as peer providers or peer consumers) on a P2P platform over

<sup>43</sup> The incident rates of usage are based on respondents' usage of the 5 different types of P2P platforms. As such, respondent scan be both counted for 'used at least one platform' and 'non-users of at least one platform who may use this platform in the future'. After all, respondents may be users of one platform type and an interested non-user for another platform type. This is not the case for 'never used a P2P platform'.

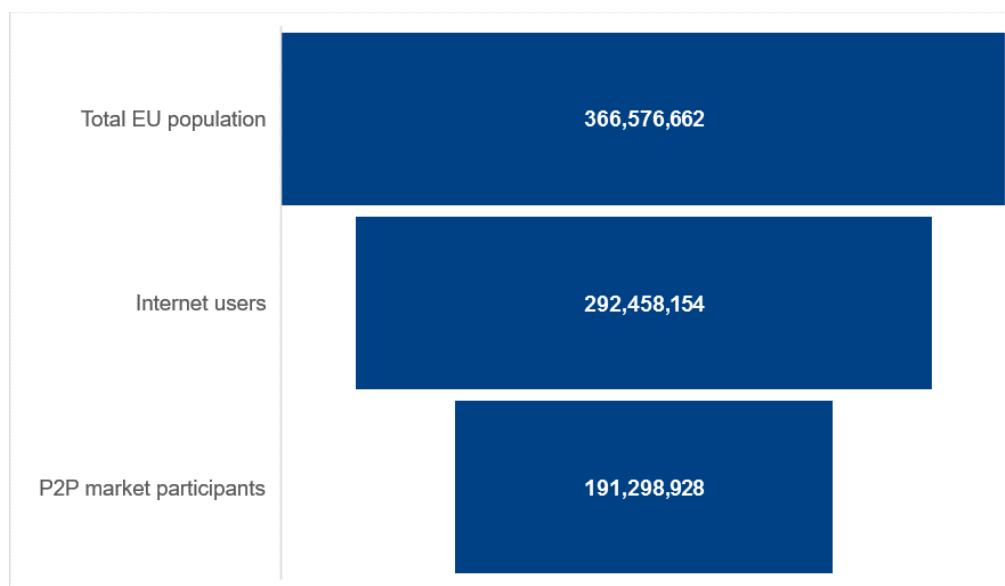
<sup>44</sup> See for instance: ING International Survey (2015), WHAT'S MINE IS YOURS – FOR A PRICE. RAPID GROWTH TIPPED FOR THE SHARING ECONOMY

the last 12 months<sup>45</sup>. 15% of respondents who had used at least one P2P platform in the last 12 months did not report any earnings or spending in transactions on these platforms

This means that with respect to the full sample of internet users in the ten EU countries, in total 65.4% reported at least some earnings or spending over a 12-month period on P2P platforms.

Assuming the behaviour of the average respondent in the 10 MS is identical to the behaviour of the internet population in the EU as a whole<sup>46</sup>, we can estimate that at least 65.4% of all EU internet users<sup>47</sup> have engaged in monetary P2P transactions over the past 12 months. Out of a total population of 366.6 million people aged over 18 across all 28 EU Member States<sup>48</sup>, there are approximately 292 million internet users. Therefore, the study estimates that about 191 million people across the EU have engaged in at least one paid P2P transaction in the last 12 months<sup>49</sup> (see Figure 6 below).

**Figure 6: Number of active P2P market participants in the total population (aged 16-74), EU-28 extrapolated from EU-10**



Source: VVA analysis based on European Commission (2015). *Digital Single Market Report (Provision of two online consumer surveys as support and evidence base to a Commission study: Identifying the main cross-border obstacles to the Digital Single Market and where they matter most)*.

Looking further into the penetration of online P2P markets, the survey shows that a large majority of the online population of all ages use online P2P platforms. Young

<sup>45</sup> The percentage is computed as the ratio between the total number of platform users (77% of 14,597 = 11,240) and the share of respondents that spent or earned more than EUR 0 on P2P platforms over the past 12 months (9,548).

<sup>46</sup> In line with the methodology and limitations described in sub-section 3.4.1, the extrapolation entails a loss of data reliability.

<sup>47</sup> The percentage of internet users is EUROSTAT data taken from European Commission (2015). *Digital Single Market Report (Provision of two online consumer surveys as support and evidence base to a Commission study: Identifying the main cross-border obstacles to the Digital Single Market and where they matter most)*. The data represents the incidence rate of those aged 16-74 who had used the internet in the past year.

<sup>48</sup> Data on EU population is EUROSTAT data taken from European Commission 2015 *Digital Single Market Report (Provision of two online consumer surveys as support and evidence base to a Commission study: Identifying the main cross-border obstacles to the Digital Single Market and where they matter most)*, page 324, Table II.1. EU population refers to citizens aged 18+.

<sup>49</sup> The P2P market participants rate is calculated according to the method described in this section. Further methodological explanations are given in sub-section 3.4.1.

people are most likely to engage, - over 80% of this age group have used at least one platform. But 75% of 35-54 olds and 56% of the over-55 age group also participate in the P2P economy<sup>50</sup>. Men (70.4%) are slightly more likely to use an online P2P platform than women (66.8%)<sup>51</sup>.

**Table 6: Engagement with online P2P platforms in 10 MS**

| Engagement with online P2P platforms | 18– 34 year olds | 35 – 54 year olds | 55+ year olds | Women | Men   |
|--------------------------------------|------------------|-------------------|---------------|-------|-------|
| Used P2P platforms                   | 82,1%            | 74,7%             | 55,8%         | 66,8% | 70,4% |
| Did not use P2P platforms            | 17,9%            | 25,3%             | 44,2%         | 33,2% | 29,6% |

Source: Task 2 survey; Base: all peer consumers (N=8705) and peer providers (N=8498)

Because of large differences between the (Re)Sale sector and the collaborative sector<sup>52</sup>, it is important to look at the results for the different platform types. (Re)Sale of goods platforms are by far the most used type of P2P platform (72.9%), while collaborative platforms are used by fewer respondents. 7.7% of respondents indicated that they had used a platform for odd jobs and between 12%-15% had used platforms for renting or sharing of goods, accommodation or rides. Also, most respondents had heard about (Re)Sale of goods platforms (only 3.2% had never heard about them), while this awareness was relatively lower for the collaborative platforms (between 22.9% and 47.4% of respondents had never heard about them). It is notable that among collaborative platforms, sharing/renting accommodation and sharing/hiring rides platforms are used and known most often. The figures for accommodation, sharing/hiring rides and odd jobs are comparable to those found in other studies<sup>53</sup>.

**Table 7: Differences in use of online P2P platforms, by sector, 10 MS**

| Usage of categories of online P2P platforms | (Re)sale of goods | Sharing/renting goods | Sharing/renting Accommodation | Sharing/hiring rides | Odd jobs |
|---|-------------------|-----------------------|-------------------------------|----------------------|----------|
| Never heard of it                           | 3.2%              | 44.1%                 | 28.9%                         | 22.9%                | 47.4%    |
| Know but have not used                      | 18.6%             | 36.5%                 | 49.6%                         | 54.9%                | 37.6%    |
| Have used                                   | 72.9%             | 12.1%                 | 14.4%                         | 14.8%                | 7.7%     |
| Have not used but may in the next 12 months | 5.1%              | 7.3%                  | 7.2%                          | 7.4%                 | 7.4%     |

Source: Task 2 survey; Base: all respondents – including screen outs (N=14597)

Looking at frequency of use over the past 12 months shows that about half of peer consumers and peer providers that are active on the investigated platforms use them weekly or monthly and these figures are roughly the same for the (re)sale sector and the collaborative sector. There are however, interesting differences within and between sectors of activity:

<sup>50</sup> See Annex 2 of Task 2 report.

<sup>51</sup> See Annex 2 of Task 2 report.

<sup>52</sup> In line with the European Commission's (2016)<sup>52</sup> definition of "collaborative economy", which indicates that "Collaborative economy transactions generally do not involve a change of ownership", the term "collaborative sector" in this report refers to sharing/hiring of rides, sharing/renting accommodation, odd jobs and sharing/renting of goods.

<sup>53</sup> See for instance: ING International Survey (2015), WHAT'S MINE IS YOURS – FOR A PRICE. RAPID GROWTH TIPPED FOR THE SHARING ECONOMY

- (*Re*)*Sale of Goods* platforms are used by around half of peer consumers (43.8%) and peer providers (46.6%) either every week or once a month.
- Both peer consumers and peer providers who are active on *Odd Jobs and Sharing/Renting Goods* platforms tend to use them on a regular basis: around a quarter of users of these platforms use them every week and a further third at least once a month.
- Peer consumers use *Sharing/Renting Accommodation* and *Sharing/Hiring Ride* platforms with less regularity. They are more likely to be used once a month or a couple of times per year (respectively 63.5% and 57.7%).
- A substantial proportion of peer providers in the accommodation sector rent out accommodation on a regular basis, 15.9% once a week and 20.6 % once a month.
- In the Ridesharing/hiring sector 16% of peer providers say they gave rides at least once a week, but most of them do so less regularly.
- About a fifth of peer providers used the platform on a weekly basis to perform odd jobs.

**Table 8: Frequency of active use of online P2P platforms – Sector breakdown (Peer consumers)**

| Frequency of use – Users             | Every week | Once a month | A couple of times per year | Once per year |
|--------------------------------------|------------|--------------|----------------------------|---------------|
| <b>(Re)sale of goods</b>             | 14.1%      | 29.7%        | 46%                        | 10.2%         |
| <b>Sharing/renting Goods</b>         | 26%        | 32.9%        | 28.6%                      | 12.5%         |
| <b>Sharing/renting accommodation</b> | 11.4%      | 15%          | 34.4%                      | 39.1%         |
| <b>Sharing/hiring rides</b>          | 13.1%      | 22.5%        | 46.1%                      | 18.3%         |
| <b>Odd jobs</b>                      | 21.2%      | 27.2%        | 33.3%                      | 18.3%         |

Source: Task 2 report, Base: Peer consumers (N=8705)

**Table 9: Frequency of active use of online P2P platforms – Sector breakdown (Peer Providers)**

| Frequency of use – Providers         | Every week | Once a month | A couple of times per year | Once per year |
|--------------------------------------|------------|--------------|----------------------------|---------------|
| <b>(Re)sale of goods</b>             | 19.8%      | 26.6%        | 42.7%                      | 10.9%         |
| <b>Sharing/renting Goods</b>         | 24.4%      | 29.8%        | 31.6%                      | 14.1%         |
| <b>Sharing/renting accommodation</b> | 15.9%      | 20.6%        | 35.7%                      | 27.8%         |
| <b>Sharing/hiring rides</b>          | 16%        | 26.4%        | 44.5%                      | 13.2%         |
| <b>Odd jobs</b>                      | 21.7%      | 30.3%        | 32.9%                      | 15.1%         |

Source: Task 2 report,, Base: Peer providers (N=8498)

Finally, peer consumers and providers may use more than one platform. The findings of this survey show that a large majority use only one platform (78.8% for peer consumers and 78.4% for peer providers), while 21.6% of peer consumers on P2P platforms and 21.2% of providers use multiple platforms.

**Table 10: Use of single or multiple platforms (consumers and providers)**

|                | Using 1 platform | Using multiple platforms |
|----------------|------------------|--------------------------|
| Peer consumers | 78.8%            | 21.2%                    |
| Peer providers | 78.4%            | 21.6%                    |

Base: All peer consumers (N=8705) and peer providers (N=8498)

### 3.4 Economic significance of P2P online platform markets

The economic significance of peer to peer markets within the scope of this study can be estimated in terms of peer user expenditure on transactions facilitated by P2P platforms, revenues for peer providers as a result of these transactions, and revenues of platforms and third parties paid through the platform.

#### 3.4.1 Methodology

EU-level estimates of peer expenditure and peer revenues are calculated on the basis of the Task 2 consumer survey run in 10 MS by sector of activity. The survey targeted consumers; respondents were not asked to declare if they were professional or non-professional peer providers.

The method for estimating total expenditure and revenue used in this study is based on the median peer expenditure/revenue in each of the five economic sectors considered. This is because the distribution of the data on expenditure and revenues in the survey sample is skewed towards the extremes. For such skewed distributions, the median value is a better measure of the overall tendency than the average, or the mean. The median represents the value that splits the sample into two equal halves: 50% of peer consumers spend less than the median and 50% of peer consumers spend more than the median. Thus, the median provides a more conservative estimate of the results than the mean (see also section 3.3.2).

The average and median values used in this calculation refer to total revenues/expenditures per sector by active users over the past 12 months. They do not distinguish between expenditure on individual platforms.<sup>54</sup>

For each economic sector, total peer expenditure is calculated using the following formula. The same formula is applied for peer revenues:

$$SEC(Exp_{total}) = MS(Int_{users}) * Exp_{peer} * Tot(P2P_{users}) * SEC(P2P_{consumers})$$

- $SEC(Exp_{total})$  = the total peer expenditure in the given sector;
- $MS(Int_{users})$  = the total number of internet users in the EU, based on the EUROSTAT data taken from the European Commission's (2015) Digital Single Market report;
- $Exp_{peer}$  = the median peer expenditure recorded in the 10 MS in which the survey ran;

<sup>54</sup> Note differences in averages between this report and the Task 2 report reflect a different focus: the figures here refer to average total spending per sector (irrespective of the number of platforms). The figures in the Task 2 report are based on the average spend per platform in each sector.

- $\text{Tot(P2P}_{\text{users}}\text{)}$  = the percentage of total respondents engaged in P2P transactions who reported their spending (or earnings), based on the 10 MS in which the survey ran. The percentage is 65.41%;
- $\text{SEC(P2P}_{\text{consumers}}\text{)}$  = the percentage of peer consumers who reported their spending in each sector under study, out of the total number of active users who reported their spending across all P2P platforms ( $\text{Tot(P2P}_{\text{users}}\text{)}$ ).<sup>55</sup>

The EU-level estimate for total peer expenditure is compiled by summing up each sector's estimated peer expenditure. The same approach is used to estimate EU-level total peer revenues.

### Box 1: Methodological limitations

There are several limitations with the models used to calculate economic significance of P2P markets.

**First**, the values indicated in this section are estimates based on the consumer survey conducted in 10 MS on internet users age 18 and above as part of this study. The results recorded in the 10 MS have been extrapolated to the EU as a whole.

**Second**, only EU citizens aged 18 or over were considered for estimating the EU population, and EU citizens aged 16-74 for the incidence of internet use. Peers younger than 16 are not considered in the study

**Third**, this study relies on median, rather than average values for peer revenues and peer expenditure to calculate a EU-level estimate for peer revenues and expenditure. Using average values would lead to higher estimates of the economic size of P2P markets.

**Fourth**, respondents may have interpreted the question about "money received through the platform" differently. In particular, some peer providers may have deducted costs from the money they report to have "received through the platform", thus reporting only real or net earnings. Such costs may be higher or lower depending on the sector, or the type service provided.<sup>56</sup>

#### 3.4.2 Peer consumer expenditure

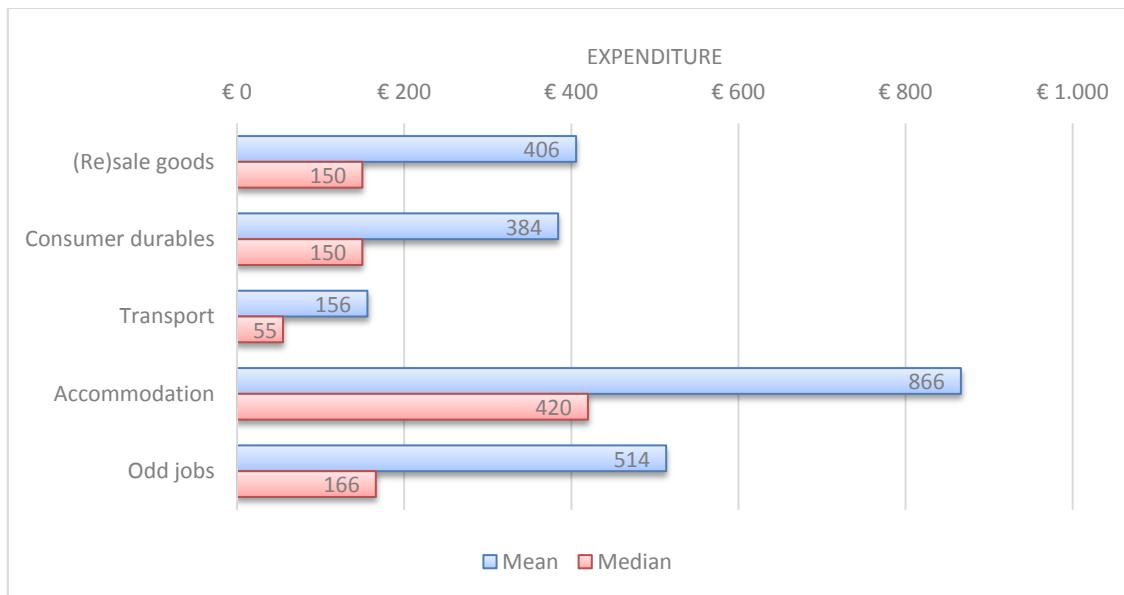
Figure 7 shows the mean and median values of peer expenditure in each of the five markets under study. The results point to two important conclusions. First, under both indicators, peer consumers spend the most in the sharing/renting accommodation sector, and the least in the sharing/hiring rides sector.

Second, the spread between mean and median is considerable: the mean ranges from 3.09 times the median in the odd jobs sector to 2.06 times the median in the sharing/renting accommodation sector. Second, under both indicators, peer consumers spend the most in the sharing/renting accommodation sector, and the least in the sharing/hiring rides sector.

<sup>55</sup> For peer consumers, these figures were: Resale of goods: 62.14%; sharing/renting of goods: 4.41%; sharing/renting accommodation: 8.23%; sharing/hiring rides: 9.28%; odd jobs: 3.28%; for peer providers, these figures were: resale of goods: 56.41%; sharing / renting of goods: 4.29%; sharing / renting accommodation: 5.39%; sharing / hiring of rides: 8.31% and odd jobs: 3.47%

<sup>56</sup> Car-sharing platforms allow peers to lend cars to other peers (e.g. HiyaCar, EasyCar Club), while ride-sharing platforms allow peers to share the same ride between them (e.g. BlaBlaCar, UberPop, etc). On car-sharing platforms like Easycar, the money received by peer providers excludes fuel consumption, which is directly paid by the peer consumer who uses the car. On ride-sharing platforms that act on a cost sharing basis, such as BlaBlaCar, the money received by peer providers is a capped percentage of the estimated cost of the trip. On ride-hiring platforms like Uber, the money received by the peer provider is assumed to cover part of the car's running costs (e.g. fuel, insurance) as well as to compensate for the drivers' time.

**Figure 7: Mean and median P2P consumer expenditure in the last 12 months, per sector in the 10 MS under study, in EUR**



Source: VVA analysis of Task 2 survey data; Note differences in the averages between this diagram and the Task 2 report reflect a different focus: the above diagram shows average total spending per sector (irrespective of the number of platforms). Figures in the Task 2 report are based on the average spend per platform in each sector.

The results presented in Figure 7 are in line with similar results obtained by ING (2015)<sup>57</sup>. Although using a different methodology, a PwC study (2015) also found that the sharing/renting accommodation sector had, by a considerable margin, the largest P2P transaction value in 2015<sup>58</sup>.

The expenditure values presented in Figure 7 can be extrapolated to EU-level to compute an estimate of total peer expenditure in the five P2P markets under study. Based on median expenditure<sup>59</sup>, total expenditure by peer consumers in the EU P2P economy in the five sectors examined is estimated at EUR 27.9 billion.

Figure 8 visualises the size of peer consumer expenditure in each EU MS.<sup>60</sup> The calculation method adopted for total peer expenditure assumes that the main variable across MS is their active internet population, while the percentage of peer consumers involved in P2P transactions in each of the five sectors is assumed to be overall similar in all MS and equal to the average derived from the survey responses received in the 10 MS under study.

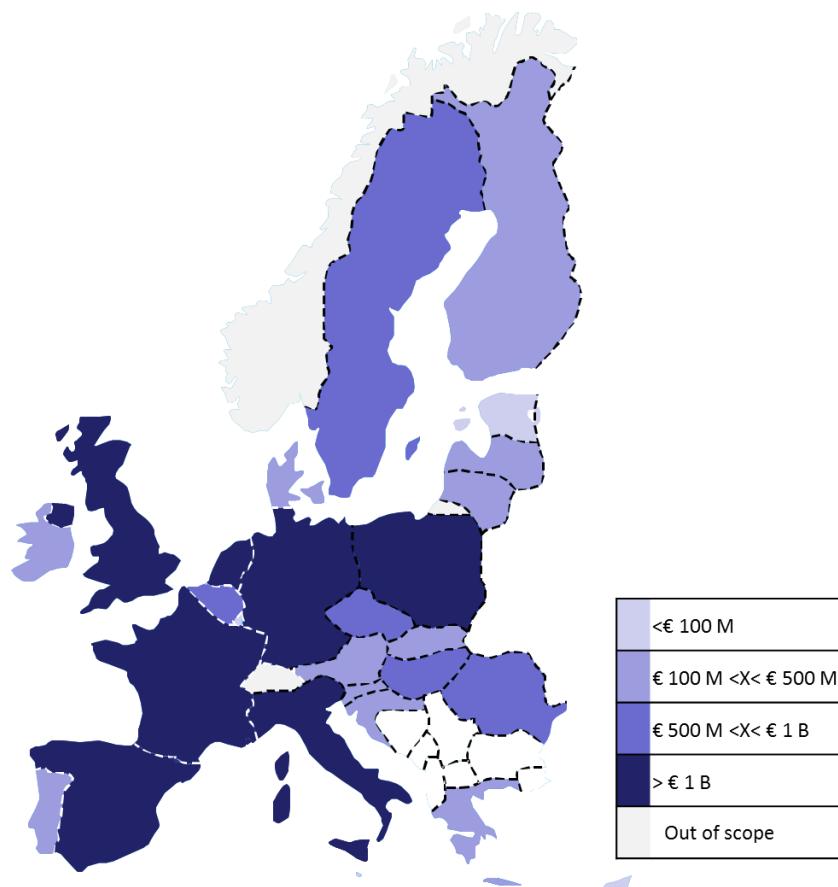
<sup>57</sup> ING (2015). ING International Survey. Mobile Banking, New Technologies and Financial Behaviour. Available at: [https://www.economics.com/ing\\_international\\_surveys/mobile\\_banking\\_2015/](https://www.economics.com/ing_international_surveys/mobile_banking_2015/)

<sup>58</sup> PwC (2016). Assessing the size and presence of the collaborative economy in Europe.

<sup>59</sup> If we had considered mean expenditure, total expenditure by peer consumers in the EU P2P markets is estimated at EUR 71.67 Billion.

<sup>60</sup> The overall figures for total spending by peers across all P2P sectors were aggregated and produced an EU-level figure of EUR 27.9 billion. To map this figure, this study multiplied the median user expenditure with the percentage of sharing economy users at EU level times the internet population of each Member State. Therefore, the proportions assigned to each Member State are solely based on their number of internet users, and not on the actual spending/earning patterns recorded through the study's survey.

**Figure 8: Total estimated yearly spending by peer consumers on P2P platforms, by EU Member State.**



Source: VVA analysis based on Task 2 survey data

Country-specific estimated annual peer consumer expenditure is reported in Table 11. The differences between countries reflect the Member States population size and the incidence rate of internet use in each country. In the Netherlands, where 94 % of the population uses the internet, peer consumer expenditure is higher than in more populous countries like Romania, where only 59% of the population uses the internet.

**Table 11: Total estimated annual peer consumer spending in EU28 MS**

| Country        | TOTAL                               |
|----------------|-------------------------------------|
|                | Total yearly spending (EUR million) |
| EU28           | € 27,905                            |
| Austria        | € 497                               |
| Belgium        | € 651                               |
| Bulgaria       | € 310                               |
| Cyprus         | € 43                                |
| Czech Republic | € 614                               |
| Germany        | € 4,993                             |
| Denmark        | € 372                               |
| Estonia        | € 78                                |
| Greece         | € 482                               |
| Spain          | € 2,504                             |

| Country     | TOTAL                               |
|-------------|-------------------------------------|
|             | Total yearly spending (EUR million) |
| Finland     | € 347                               |
| France      | € 3,688                             |
| Croatia     | € 207                               |
| Hungary     | € 547                               |
| Ireland     | € 247                               |
| Italy       | € 2,691                             |
| Lithuania   | € 149                               |
| Luxembourg  | € 36                                |
| Latvia      | € 109                               |
| Malta       | € 23                                |
| Netherlands | € 1,089                             |
| Poland      | € 1,887                             |
| Portugal    | € 482                               |
| Romania     | € 819                               |
| Sweden      | € 613                               |
| Slovenia    | € 108                               |
| Slovakia    | € 326                               |
| UK          | € 3,996                             |

Source: VVA analysis of Task 2 survey data

At sector level, using the same model, the (re)sale of goods sector accounts for an estimated EUR 17.8bn in peer consumer spending per year (see Figure 9). Peers spend 2.7 times more in P2P transactions in the (re)sale sector compared to the second-largest sector, the sharing/renting accommodation with 6.6. billion EUR annual expenditure.

Expenditure in the sharing/renting accommodation sector is more than five times higher than for sharing/renting goods, odd jobs and ride sharing/hiring, where expenditure is estimated at between 1 and 1.3 billion EUR. Peers spend the least in the sharing/hiring rides sector, which is 17.8 times smaller than the (re)sale of goods sector<sup>61</sup>.

<sup>61</sup> Due to the low sample size considered in this study's survey only across 10 Member States, it was not possible to disaggregate expenditure per sector in each MS. Such a disaggregation would need to be solely based, as Figure 8 is, on the different internet population in each MS, while keeping everything else equal across MS.

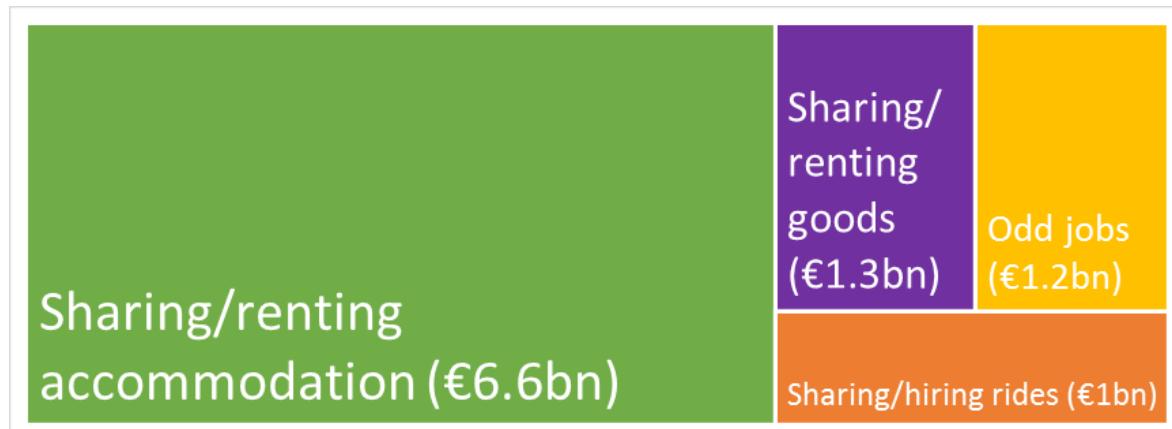
**Figure 9: Total estimated annual peer consumer spending in P2P online markets, per sector, EU-28**



Source: VVA analysis of Task 2 survey data, EC (2015). Provision of two online consumer surveys as support and evidence base to a Commission study: Identifying the main cross-border obstacles to the Digital Single Market and where they matter most.

Considering only the sectors that are included in the European Commission's (2016)<sup>62</sup> definition of the "collaborative economy" (i.e. excluding the (re)sale sector), the accommodation sector is clearly the largest collaborative sector in terms of expenditure and ride hiring and sharing the smallest (Figure 10).

**Figure 10: Total estimated annual peer consumer spending in P2P markets, per sector (without (Re)sale of goods), EU-28**



Source: VVA analysis of Task 2 survey data, EC (2015). Provision of two online consumer surveys as support and evidence base to a Commission study: Identifying the main cross-border obstacles to the Digital Single Market and where they matter most.

<sup>62</sup> European Commission (2016). COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: A European agenda for the collaborative economy. COM (2016) 356 Final.

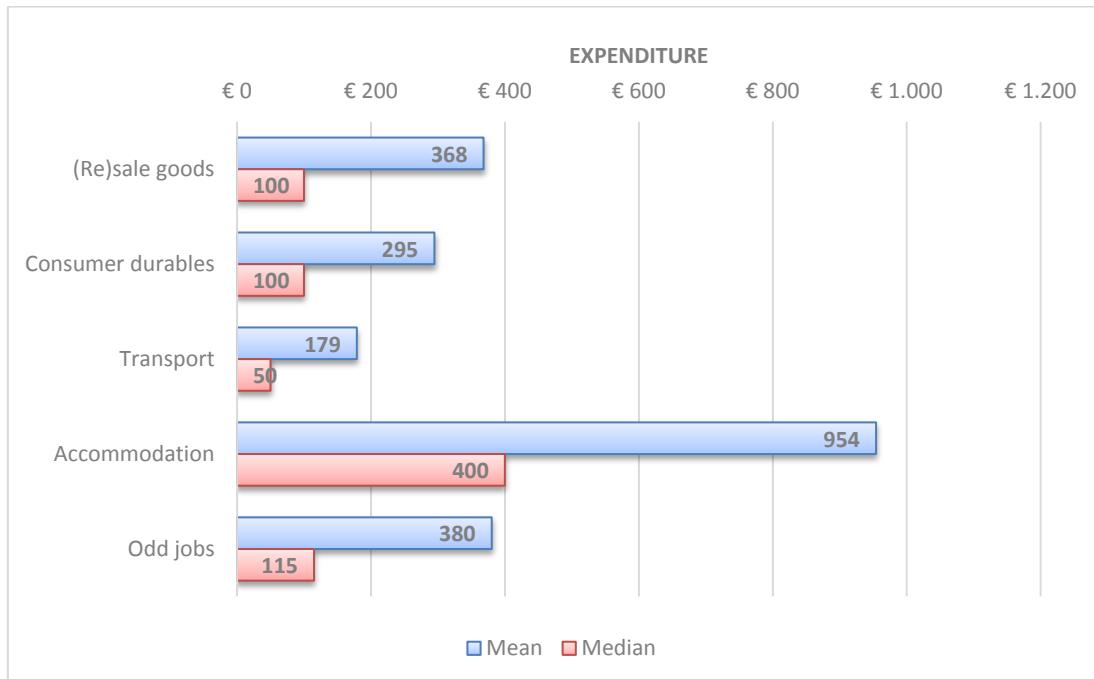


### 3.4.3 Peer provider revenue

On the peer provider side, Figure 11 shows, first that sharing/renting accommodation is the sector where peers earn the most through P2P transactions, while earnings are lowest in the sharing/hiring rides sector.

Second, like for peer expenditure, the figure shows a large spread between mean and median values. The mean is 3.68 times the median in the resale sector, and 2.38 the median in sharing/renting accommodation.

**Figure 11: Mean and median annual P2P provider revenue, per sector, EUR**



Source: VVA analysis of Task 2 survey data

The differences between mean and median reported above can be explained by the fact that a major part of expenditure (50 to 60%) and revenue (50 to 70%) is driven by a small share of very active peer consumers and peer providers. Indeed, more than half of the revenue and expenditure is generated by 10% of peers.

Such skewed levels of peer revenues were also found in the ING (2015) survey, which reported an 8.3-fold difference between the mean (EUR 2,500) and median (EUR 300) peer revenue, and which found that that as much as 80% of revenue ends up in the hands of 10% of peer providers<sup>63</sup>. Comparing the same sectors and only considering the providers who declared at least some earnings in the survey for this study, the top 10% of peer providers earn 56% of all revenues.

The survey data do not support assumptions regarding the predominance of specific socio-demographic variables distinguishing P2P platforms users from internet users in general, or that younger peers are more likely to regularly provide services on P2P platforms. On the contrary, 35-54-year-olds earn and spend more than 18-34-year-olds in all five markets, and over 55-year olds earn the highest revenues on accommodation platforms.

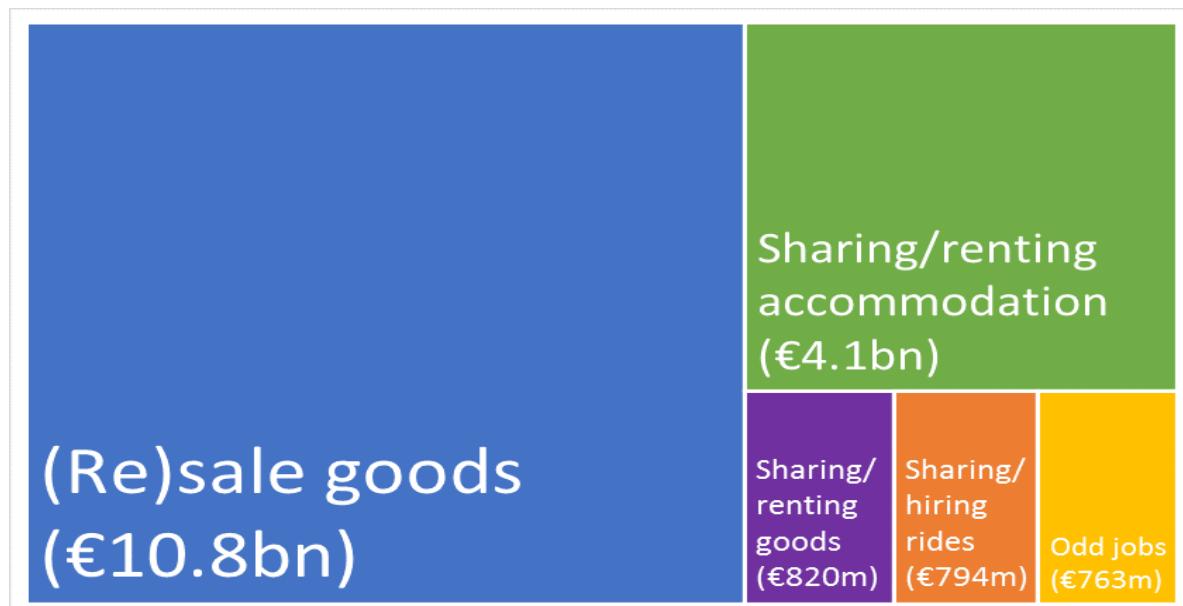
The more likely explanation for the concentration of revenues and expenditure among a small group of peers is that certain peers are much more frequently active. As

<sup>63</sup> ING International Survey (2015), WHAT'S MINE IS YOURS – FOR A PRICE. RAPID GROWTH TIPPED FOR THE SHARING ECONOMY.

regards revenues, this may also mean that these peer providers might be acting more as professionals or businesses on P2P platforms. In particular, larger platforms such as eBay or AirBnB are likely to attract professional providers and (small) businesses. In terms of sectoral breakdown, the results based on median values in Figure 11 on peer provider revenues are consistent with those in Figure 7 on peer consumer expenditure: the sharing/renting accommodation is the sector where peer providers receive the most through P2P transactions, followed by the odd jobs sector. The median value for revenues from sharing/hiring rides is the lowest among the five sectors.

The median revenues values presented above can be extrapolated to the EU-level to compute an estimate of total peer provider revenues in the five P2P markets under study. Based on median revenues<sup>64</sup>, total revenues by peer providers in the EU P2P economy in the five sectors examined is estimated at EUR 17.29 billion. The figure is computed by multiplying the median revenue for each sector with the total number of estimated peer providers in each sector, and then summing up the five sectors. The results, disaggregated by sector, are illustrated in Figure 12 below.

**Figure 12: Total estimated annual peer provider revenue in the P2P online markets, per sector, EU-28**



Source: VVA analysis of Task 2 survey data, EC (2015). Provision of two online consumer surveys as support and evidence base to a Commission study: Identifying the main cross-border obstacles to the Digital Single Market and where they matter most.

The distribution of peer provider revenue between sectors in Figure 12 is similar to that for peer consumer expenditure illustrated in Figure 9. The proportions, however, are not the same. The (re)sale of goods sector, by far the largest sector for P2P revenues, is estimated (at EUR 10.8 billion) to be 2.63 times the size of the sharing/renting accommodation sector.

Revenue in sharing/renting accommodation (EUR 4.1 billion) is more than five times higher than that for sharing/renting goods, odd jobs and ride sharing/hiring. The other three sectors are similar in terms of peer provider revenues, at around EUR 800 million each.

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<sup>64</sup> If we would have considered the average revenue, the total revenues by peer consumers in the EU sharing economy is estimated at EUR 56.04 Billion.

Figure 13 shows the same revenue data for the sectors defined by the European Commission as part of the collaborative economy, without the (re)sale of goods sector.

**Figure 13: Total estimated annual peer provider revenue in P2P markets, per sector (without (Re)sale of goods), EU-28**



Source: VVA analysis of Task 2 survey data, EC (2015). Provision of two online consumer surveys as support and evidence base to a Commission study: Identifying the main cross-border obstacles to the Digital Single Market and where they matter most

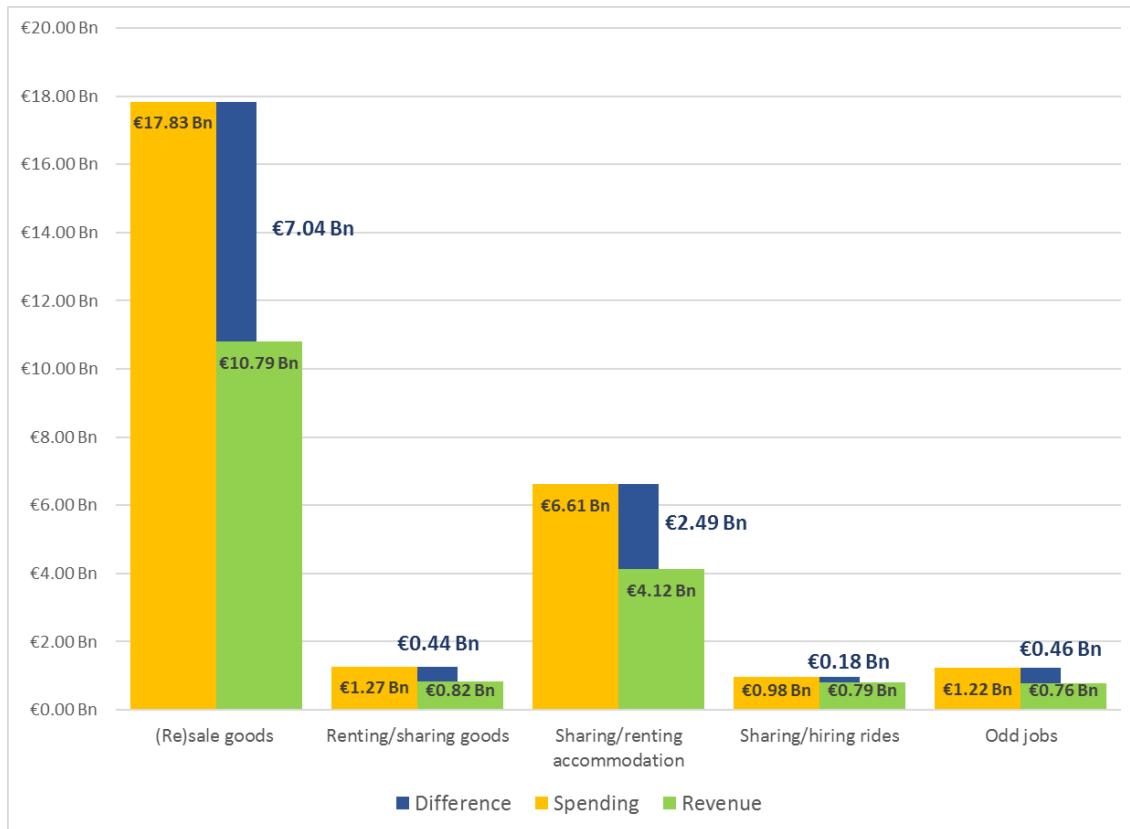
#### 3.4.4 Estimate of platform and other non-peer revenue

Based on the two estimates above for peer expenditure and peer revenues, the difference between P2P spending and P2P revenue is EUR 10.61 billion per year, of which EUR 3.57bn per year in the collaborative economy sectors (i.e. excluding resale of goods)<sup>65</sup>. As illustrated in Figure 14, this means that, on average, about 61 cents of every euro spent by peer consumers on (re)sale of goods platforms reaches peer providers, and between 61 and 65 cents for odd jobs, accommodation sharing/rental and renting/sharing of goods. In contrast, in the sharing/hiring rides sector 81 cents of every EUR goes to the provider<sup>66</sup>.

<sup>65</sup> This estimate is based on the total revenues/expenditure of peers in each economic sector. The average and median values refer to total revenues/expenditures per sector, and do not account for the average/median values per platform used. In addition, the model only considers peers that were involved in monetary transactions on P2P platforms in the previous 12 months.

<sup>66</sup> For the (re)sale goods sector, 60% of peer expenditure reaches peer providers, and the figures are similar for the renting/sharing goods (65%), sharing/renting accommodation (62%), and odd jobs (63%).

**Figure 14: Comparison between revenues and expenditure (EUR Bn)**



Source: VVA analysis of Task 2 survey data, EC (2015). Provision of two online consumer surveys as support and evidence base to a Commission study: Identifying the main cross-border obstacles to the Digital Single Market and where they matter most.

The difference between peer consumer expenditure and peer provider revenue includes the revenue of the platform as well as any third-party fees, costs or charges included in the price peer consumers pay to the platform such as insurance costs, credit card or payment costs, tourist taxes, etc. These may vary across platforms, between sectors and individual transactions. The size of the difference may also result from misreporting of revenue and expenditure in the survey by respondents, and in particular under-reporting by peer providers. Nonetheless, a large share of the estimated EUR 10.61 billion is likely to represent platform revenues.

A PwC (2015) study<sup>67</sup> found that five collaborative economy sectors<sup>68</sup> had facilitated EUR 28 billion worth of transactions and generated EUR 4 billion in platform revenues in 2015. Thus, the total estimate of EUR 3.57bn in platform revenue across four collaborative sectors is very close to the PwC estimate.

Both the PwC study and the present report find that online P2P platforms generate significant revenues for themselves. From a consumer policy perspective, this confirms that these platforms act as traders and responsible for the services they deliver to their users.

To sum up, the current estimates show a large gap between total estimated peer expenditure and total estimated peer revenues in (re)sale of goods, odd jobs, accommodation and renting/sharing of goods sectors, and to a lesser extent in ride sharing/hiring. A considerable portion of this difference consists of P2P platform

<sup>67</sup> PwC (2016). Assessing the size and presence of the collaborative economy in Europe.

<sup>68</sup> P2P accommodation, P2P transportation, on-demand household services, on-demand professional services and collaborative finance.

revenues. However, further research would be necessary to disaggregate "non-peer revenues" and develop a full understanding of the share accruing to platforms and any potential third parties, other cost elements as well as the impact of underreporting of peer provider revenue.

## 4 Business models of P2P platforms

This section presents a typology of P2P platform business models based on the results of the research carried out as part of Tasks 1 and 4 of this study. Before presenting the detailed typology, it is worth keeping in mind three elements that have influenced this section.

1. This typology focuses on the business models of online P2P platforms, not the activities of the peer providers.<sup>69</sup>
2. It should be kept in mind that one of the main ways in which P2P platforms create value and differ from traditional businesses is through their direct control of digital data about the nature and volume of both demand and supply. They use these data to facilitate (increase the number/volume of) transactions and earn revenue.

As a result, platforms may, according to some authors, reduce both consumer surplus<sup>70</sup> (i.e. by charging consumers a price that is close to their willingness to pay) and producer surplus<sup>71</sup> (i.e. by facilitating competition between the peers), with the resulting benefits (i.e. an increased number of transactions) accruing to the platform itself in the form of transaction fees, additional service fees, and data reuse<sup>72</sup>.

3. As Table 12 shows, a business model describes the process by which the value created by an economic activity is monetised. The main value to be considered depends – to some extent – on the intended use of the business model typology.<sup>73</sup> In this case, the purpose of the typology is to inform the analysis of consumer issues in P2P markets. In particular, the typology should help to establish the applicability of existing consumer law in different segments of the P2P economy. Hence the focus should be on the value that the platform provides to peer users.

### 4.1 Monetisation models of P2P platforms

The literature review identified the following monetisation models of online platforms:

- **Transaction fees:** fees charged on transactions intermediated by the P2P platform, to peer consumers and/or peer providers;
- **Subscription fees:** fees charged on a periodical basis by the platform to peers for access to its services;

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<sup>69</sup> Indeed, the consumer survey in Task 2 as well as the focus groups have found that (at least some) peers participate in the sharing economy for economic reasons and the way in which they choose to structure their engagement with this market could be seen as a peer-level “business model”. This is clear when the peer provider is classified as a business / trader (a number of relevant indicators for this determination have been identified in Task 5) but even individual peers could be seen to be operating different business models such as reducing their costs (e.g. ride sharing) or supplementing their income (e.g. making a profit by renting out a second home).

<sup>70</sup> consumer surplus is defined as the difference between the total amount that consumers are willing and able to pay for a good or service (indicated by the demand curve) and the total amount that they actually do pay (i.e. the market price).

<sup>71</sup> Producer surplus is measured as the difference between what producers are willing and able to supply a good or service for and the price they actually receive.

<sup>72</sup> See for instance this study on the “Platforms-based economy and economic rent”, available at [https://medium.com/@fred\\_marty/platforms-based-economy-and-economic-rent-6927120be22e](https://medium.com/@fred_marty/platforms-based-economy-and-economic-rent-6927120be22e)

<sup>73</sup> For instance, if this study were interested in the environmental impact of P2P markets, then the business model analysis should consider the extent to which P2P platforms facilitate the extension of the useful life of an asset, or intensification of their use

- **Add-on services fees:** fees charged for optional add-on services by the platform outside the transaction, or on top of the transaction fees, such as promoted listings, professional photographs, verification of identity, delivery, insurance, etc.;
- **Advertising:** revenue generated through advertising third-party content on the platform through banners, native advertising, etc.;
- **Data use/reuse:** revenue generated through sharing or selling peer data to third parties<sup>74</sup>;
- **Other:** other revenue generation such as cancellation fees, consumer hotline fees, B2B services, etc.

The screening of 485 platforms shows that advertising is the most prevalent monetisation model, used by 53% of platforms; 48% use and reuse data to generate income, a third of platforms (34%) use transaction fees, 21% subscription fees, and 12% add-on services fees. A majority of platforms use a combination of strategies to generate revenue. Over half of the platforms use advertising in combination with subscription fees (51%), add-on service fees (61%) or data use/reuse (64%). Data use/reuse is also usually combined with a second monetisation model.

Between P2P sectors, there are differences in the prevalence of monetisation strategies: Most (re)sale of goods platforms (80%) use advertising or data use/reuse (60%) as a monetisation strategy. The sharing/hiring rides market features the greatest diversity of monetisation models.

By linking the types of services (described in Section 3.1) with the different monetisation models above, three ways in which peer to peer platforms create monetizable value can be identified:

- Transaction / subscription-fee based models: such platforms offer a wide range of services with a focus on pre-transaction services. Their aim is to encourage a maximum number of transactions by offering a wide range of well diversified services, in function of their level of maturity and financial solidity.
- Advertising-based models: the activity of these platforms focuses more on post-transaction services and less on trust-building. They tend to adopt more reactive, rather than proactive approaches to potential user issues and problems.
- Data use and re-use: platforms using this model offer a wide range of services and they often combine this model with either advertising, transaction fees or subscriptions fees.

## 4.2 Core features in P2P business models

Based on analysis of the case studies (see Task 4), the table below summarizes the core features found in the P2P business model canvas which is used as the starting point for the further development of the business model typology in this report.

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<sup>74</sup> Note that this study considers a platform uses data as a revenue source if its Terms and Conditions specify that it is allowed to share peer data with third parties for, among others, marketing purposes. It is not clear which platforms actually gain monetary value from peer data, but this study considers that all platforms which enable themselves to use peer data in this way in their Terms and Conditions end up doing so.

**Table 12: Overview of common features in P2P business models**

| <b>Key Partners</b>  | <b>Key activities</b>  | <b>Value proposition</b>   | <b>Customer relationship</b>                                    | <b>Customer segments</b>   |
|--|--|--|---|--|
| Community Investors<br>Third party providers of additional services (e.g. payment processing, insurance, etc.) | Product development/Management<br>Community building<br>Customer service | Facilitate P2P transactions by<br>Listing goods / services<br>Generating trust among peers<br>setting terms of P2P transactions                                  | Co-creation (e.g. user generated reviews)<br>Automated services | Mass market products (sometimes geographically segmented)<br>Multi-sided platform (targeting both providers and consumers) |
|  | Key resources<br>- community<br>- technology                             |  | Channels<br>Direct online: web & mobile apps                    |  |
| <b>Cost structure</b><br>Fixed costs<br>Variable costs<br>Advertising/PR                                       |  | <b>Revenue streams</b><br>Transaction fee<br>Service fees<br>Subscription fees<br>Data reuse<br>Currency conversion fee<br>Add-on services (external investment) |   |  |

Source: VVA analysis based on Business model canvas from Osterwalder A. & Pigneur Y. (2010): *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*

The research in this study (primarily Task 1 and Task 4) has led to the identification of three main P2P platform business models. The table below summarises these three business models with details on value creation, monetisation and their implications for platform control over the peer to peer transaction.

The level of platform control over the P2P transaction is at the core of the business model categorisation. The rationale behind this categorisation is that, from a consumer policy perspective, greater control over the transaction implies or creates the impression of greater platform responsibility for the performance of the transaction, for pre-contractual and contractual information.

**Table 13: Typology of business models**

| Model                         | Value provided by the platform to peers   | Main monetisation models   |
|-------------------------------|---|--|
| Hosting of listings           | <ul style="list-style-type: none"> <li>Platform publishes listings and user reviews (including e.g. premium listings, etc.)</li> </ul>  | <ul style="list-style-type: none"> <li>Add-on service fees</li> <li>Data reuse</li> <li>Advertising fees</li> </ul>      |
| Actively managed transactions | <ul style="list-style-type: none"> <li>Platform actively facilitates trust and transactions among peers through e.g. <ul style="list-style-type: none"> <li>Active matching of demand and supply through search functions/filters and instant messaging system</li> <li>Guidance for posting listings</li> <li>User data checks (through email or social media)</li> <li>Confirmation of user information through email and additional questions to prevent unauthorized access</li> <li>Pre-screening of identity data (before registration)</li> <li>Verification of identity documents after registration</li> <li>Monitoring of user activity and control over access to platform</li> <li>Non-binding pricing guidance</li> <li>Guidance for P2P interactions</li> <li>Management of peer review and reputation system</li> <li>Monitors peer reviews with the right to delete them</li> <li>Add-on services (e.g. professional photographer)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Transaction fees and/or</li> <li>Subscription fees</li> <li>Data reuse</li> </ul> |
| Platform governs transactions | <ul style="list-style-type: none"> <li>Platform sets contractual terms of the P2P transaction</li> <li>Handling of complaints and refunds</li> <li>Insurance etc.</li> </ul>  | <ul style="list-style-type: none"> <li>Transaction fees</li> <li>data (re)use</li> </ul>                                 |

### 4.3 Model 1: Hosting of Listings

The first model concerns platforms which limit themselves to **passively matching peer demand and peer supply** by publishing listings and enabling contact and feedback between users by publishing peer-generated information.

This includes pure listing sites with no reviews (e.g. Gumtree), but also sites that publish user generated reviews of the peer, or of the good/service to be transacted, alongside the listing. Most such platforms also offer simple search functions based on keywords which facilitate the matching. They tend to monetise the value they create by charging for advertising, charging fees for add-on services such as premium listings, and through data reuse, monetising user data shared with the platform.

Examples of such platforms include: Gumtree (UK), Subito (IT), OLX (PL), 2dehands (BE), Kijiji (IT), LeBonCoin(FR).

The key feature of this model from the perspective of this study is that platforms in this category **do not become involved in the peer to peer transaction**. Rather they limit themselves to providing a matching service to peers. Thus, these platforms have no influence over the performance or quality of the peer to peer transaction.

### 4.4 Model 2: Actively managed transactions

The second model is characterised by the **active facilitation and management of the matching of demand and supply**.

These platforms go beyond the provision of demand and supply information. They create value by fostering trust among peers and actively manage and facilitate the matching, with the objective to increase the number and/or volume of transactions.

Peer trust is one of the main drivers of platform business and active management of trust between users becomes increasingly important for economic success as platforms scale up and the initial “community” feel among a smaller group of users becomes more difficult to maintain.

Thus, platforms operating in line with this model put in place tools and procedures to encourage trust among peers and thereby facilitate a greater number of transactions. This may raise expectations among users about the reliability or the quality of the performance of the peer to peer transaction.

- Advanced matching tools such as geolocation, multi filter search systems, ranking of search results, etc.;
- Active management of messaging systems for exchanges between peers and exchanges with the platform;
- User information checks and pre-screening or verification of identity documents;
- Monitoring of user activity;
- Pricing guidance and recommendations;
- Guidance for P2P interactions;
- Management of peer review and reputation system;
- Monitoring of peer review and reputation system; and
- Provision of add-on services, such as optional add-on insurance.

Platforms tend to monetise the value they create in this type of transaction through charging subscription or transaction fees and through data reuse. Most platforms that actively manage P2P transactions charge transaction fees; they may also charge for add-on services like insurance, or featured listings.

The key feature of this model from the perspective of this study is that platforms in this category **influence the peer to peer transaction but they do not control the conditions under which the actual transaction takes place** (i.e. the P2P contractual aspects).

#### 4.5 Model 3: Platform governed peer transactions

The third model concerns platforms which explicitly set one or more of the contractual terms of the peer to peer transaction, and exercise control over the performance of the transaction.

The key feature of this model is that these platforms restrict the ability of peers to decide contract terms between them, and give the impression **explicitly or implicitly that they assume (partial) responsibility for the performance, of the transaction**. Thus, platform control over the P2P transaction is at the core of these business models. Greater control over the transaction implies greater platform responsibility for the performance and quality of the transaction.

In practice, this type of model is mostly limited to larger platforms which have the human, economic and technological resources to develop, monitor and enforce peer to peer contracts. For instance, platforms with the following features would fall into this category:

- Setting terms and conditions for P2P transactions, by setting rules for P2P interactions, or rules and fees for cancellations, and rules for refunds;
- Price setting: (optional) automated price setting or setting a maximum price.
- Management of payments: these platforms receive and hold payments of peer consumers, and monitor the success of the P2P transaction before paying peer providers; they also frequently retain fees in case of cancellations
- Management of complaints and refunds: these platforms actively intervene in case of a complaint, stimulating resolution of disputes between peers or resolving disputes themselves through refunds or withholding payment
- Insurance provided as part of the transaction fee: these platforms provide some form of insurance against damages mostly as additional coverage for peer providers.

Platforms tend to monetise the value they create in this type of transaction through transaction fees and through data reuse. Most platforms in this category charge transaction fees.

#### 4.6 The business model typology and the case study platforms

It is important to note that a single platform can fit into more than one business model if it offers several options of services to peers, for example, for setting prices or insurance.

In fact, the business models are to some extent “incremental”: platforms that fall into the second category (Active Management) also perform a matching service and platforms that fall into the third category (Platform governed peer transactions) will have most of the services or features of the other two.

Generally, as platforms develop a larger user base, there is an evolution of platform business models over time from the simpler (listings) model to the more complex models of active management and governing the terms of the peer to peer transaction, and offering a wider array of services to its users.

Table 14 maps the features of the case study platforms onto the three business models identified in this section (see Task 4 case study report for further details on each case study platform).

**Table 14 : Mapping of case study platforms onto the business model typology**

| Platforms          | Active management   | Platform governed transactions   |
|--------------------|---|--|
| Airbnb             | <ul style="list-style-type: none"> <li>• Active matching of demand and supply through search functions/filters and instant messaging system</li> <li>• Guidance for posting listings</li> <li>• User information checks (through email or social media)</li> <li>• Optional pre-screening through verification of identity documents</li> <li>• Monitors user activity and controls access to platform</li> <li>• Non-binding pricing guidance</li> <li>• Guidance for P2P interactions</li> <li>• Management of peer review and reputation system (ratings and badge)</li> <li>• Monitors peer reviews with the right to delete them</li> <li>• Add-on services (professional photographer)</li> </ul> | <ul style="list-style-type: none"> <li>• Set standardised T&amp;Cs that define interaction between peers</li> <li>• Imposes rules and fees for cancellations</li> <li>• Sets prices (optional "Smart Pricing")</li> <li>• Manages payments and monitors success of transaction before releasing payment to peer provider</li> <li>• Governs security deposits</li> <li>• Manages complaints and refunds of P2P transactions</li> <li>• Insurance for peer providers included as part of the transaction fee</li> </ul> |
| BlaBlaCar          | <ul style="list-style-type: none"> <li>• Active matching of demand and supply through search functions/filters and instant messaging system</li> <li>• Guidance for posting listings</li> <li>• User information checks (through email or social media)</li> <li>• Optional pre-screening through verification of identity documents (France and the UK only)</li> <li>• Monitors user activity and control over access to platform</li> <li>• Non-binding pricing guidance</li> <li>• Guidance for P2P interactions</li> <li>• Management of peer review and reputation system (ratings and badge)</li> <li>• Monitors peer reviews with the right to delete them</li> </ul>                           | <ul style="list-style-type: none"> <li>• Set standardised T&amp;Cs that define interaction between peers</li> <li>• Imposes rules and fees for cancellations</li> <li>• Sets prices (caps the price to prevent peers from making profit)</li> <li>• Manages payments and monitors success of transaction before releasing payment to peer provider<sup>75</sup></li> <li>• Manages complaints and refunds of P2P transactions.</li> <li>• Insurance for both peers included as part of the transaction fee</li> </ul>  |
| easyCar Club       | <ul style="list-style-type: none"> <li>• Active matching of demand and supply through search functions/filters and instant messaging system</li> <li>• User information checks (through email or social media)</li> <li>• Pre-screening (verification of identity documents and criminal record check) of both peer providers and consumers</li> <li>• Guidance for P2P interactions</li> <li>• Management of peer review system and reputation system (ratings)</li> <li>• Monitors peer reviews with the right to delete them</li> </ul>  | <ul style="list-style-type: none"> <li>• Imposes rules and fees for cancellations</li> <li>• Sets prices (optional 'market pricing')</li> <li>• Manages payments and monitors success of transaction before releasing payment to peer provider</li> <li>• Governs security deposits</li> <li>• Manages charges for non-compliance with the platform's rules</li> <li>• Manages complaints and refunds of P2P transactions</li> <li>• Insurance for both peers included as part of the transaction fee</li> </ul>       |
| eBay <sup>76</sup> | <ul style="list-style-type: none"> <li>• Active matching of demand and supply through search functions/filters and</li> </ul>   | <ul style="list-style-type: none"> <li>• Set standardised T&amp;Cs that define interaction between peers</li> </ul>  |

<sup>75</sup> Only in countries where using transaction model, not in countries where cash for rides model applies – see case study for further details.

<sup>76</sup> The extent to which the platform is involved in the peers' transaction depends on the listing format, the country and the nature of the item (high-value items). For example, classified ad listings are excluded from review/rating system and complaints and insurance services which do apply to auctions and "Buy It Now" listings. See case study for further details.

| Platforms                  | Active management   | Platform governed transactions  |
|----------------------------|---|---|
|                            | <ul style="list-style-type: none"> <li>instant messaging system</li> <li>Guidance for posting listings</li> <li>User information checks (through email or social media)</li> <li>Confirmation of user information through email and additional questions to prevent unauthorized access</li> <li>Monitors user activity and control over access to platform and listings</li> <li>Non-binding pricing guidance</li> <li>Guidance for P2P interactions</li> <li>Management of peer review and reputation systems (ratings and badge)</li> <li>Monitors peer reviews with the right to delete them</li> <li>Add-on services such as automatic bidding for peer consumers; international shipping programme, increased visibility and selling assistance for peer providers</li> </ul> | <ul style="list-style-type: none"> <li>Imposes rules for cancellation, if the provider is a private individual</li> <li>Manages payments of high-value items and monitors success of transaction before releasing payment to peer provider</li> <li>Manages complaints and returns, refunds, replacements and exchanges if the provider is a private individual</li> <li>Provisions that indicate the potential liability for P2P transactions in T&amp;Cs</li> </ul> |
| <b>Nimber</b>              | <ul style="list-style-type: none"> <li>Active matching of demand and supply through search functions/filters and instant messaging system</li> <li>User information checks (through email or social media or phone)</li> <li>Non-binding pricing guidance</li> <li>Guidance for P2P interactions</li> <li>Management of peer review and reputation system (ratings)</li> </ul>  | <ul style="list-style-type: none"> <li>Manages payments and monitors success of transaction before releasing payment to peer provider</li> <li>Manages complaints and refunds of P2P transactions</li> <li>Insurance as part of the transaction fee</li> </ul>  |
| <b>Peerby<sup>77</sup></b> | <ul style="list-style-type: none"> <li>Active matching of demand and supply through search functions/filters and instant messaging system</li> <li>Guidance for posting listings</li> <li>User information checks (through email or social media);</li> <li>Monitors user activity</li> <li>Guidance for P2P interactions</li> <li>Add-on services on Peerby Go (pick-up and delivery)</li> </ul>   | <ul style="list-style-type: none"> <li>Sets standardised T&amp;Cs that define interaction between peers (Peerby Classic)</li> <li>Imposes rules and fees for cancellation (Peerby Go)</li> <li>Imposes prices on all items (Peerby Go)</li> <li>Manages complaints and refunds (refunds only on Peerby Go)</li> <li>Insurance<sup>78</sup> for both peers as part of the transaction fee (Peerby Go)</li> </ul>   |

<sup>77</sup> Peerby Classic is a for profit platform that currently does not charge for its services; Peerby Go charges a transaction fee and exchanges are against payment – see case study for further details

<sup>78</sup> Although, Peerby Go refers to 'warranty'.

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| Platforms            | Active management  | Platform governed transactions  |
|----------------------|--|---|
| <b>Uber Pool/Pop</b> | <ul style="list-style-type: none"> <li>• Active matching of demand and supply through search functions/filters and instant messaging system</li> <li>• User information checks (through email or social media)</li> <li>• Pre-screening, including criminal records check and verification of identity documents of peer providers</li> <li>• Monitors user activity and control over access to platform (suspension of user account in case of violations of the standards contained in T&amp;Cs)</li> <li>• Management of peer reputation system (ratings)</li> <li>• Monitors peer reputation system with the right to deactivate account with bad ratings</li> </ul>   | <ul style="list-style-type: none"> <li>• Sets standardised T&amp;Cs that define interaction between peers</li> <li>• Imposes rules and fees for cancellations</li> <li>• Sets maximum price per ride</li> <li>• Manages payments and monitors success of transaction before releasing payment to peer provider</li> <li>• Manages complaints and refunds of P2P transactions</li> <li>• Insurance for peer providers included as part of the transaction fee</li> </ul> |
| <b>Wallapop</b>      | <ul style="list-style-type: none"> <li>• Active matching of demand and supply through search functions/filters and/or instant messaging system</li> <li>• Guidance for posting listings</li> <li>• User information checks (through email or social media)</li> <li>• Monitors user activity and control access to platform</li> <li>• Guidance for P2P interactions</li> <li>• Management of peer review and reputation system (ratings)</li> <li>• Monitors peer reviews with the right to delete them</li> </ul>  |   |
| <b>Wimdu</b>         | <ul style="list-style-type: none"> <li>• Active matching of demand and supply through search functions/filters and instant messaging system</li> <li>• Guidance for posting listings</li> <li>• User information checks (through email or social media), phone calls to peer providers and occasional on-site visits</li> <li>• Monitors user activity</li> <li>• Non-binding pricing guidance</li> <li>• Guidance for P2P interactions</li> <li>• Management of peer review system and reputation system (ratings)</li> <li>• Monitors peer reviews with the right to delete them</li> <li>• Add-on services (professional photographers, translation service)</li> <li>• Add-on insurance coverage for peer consumers</li> </ul> | <ul style="list-style-type: none"> <li>• Imposes rules and fees for cancellations</li> <li>• Manages payments and monitors success of transaction before releasing payment to peer provider</li> <li>• Governs security deposits</li> <li>• Manages complaints and refunds of P2P transactions</li> <li>• Insurance for peer providers included as part of the transaction fee</li> </ul>   |
| <b>Yoopies</b>       | <ul style="list-style-type: none"> <li>• Active matching of demand and supply through search functions/filters and instant messaging system</li> <li>• User information checks (through email or social media)</li> <li>• Optional pre-screening (verification of identity document and criminal record check)</li> <li>• Monitors user activity and control over access to platform</li> <li>• Non-binding pricing guidance</li> <li>• Guidance for P2P interactions (model contracts for P2P transactions)</li> <li>• Management of peer review and reputation system (ratings)</li> <li>• Monitors peer reviews with the right to delete them</li> </ul>  | <ul style="list-style-type: none"> <li>• Imposes rules and fees for cancellations</li> </ul>  |

Source: VVA analysis of case studies (Task 4)

The case studies did not include platforms that operate exclusively under the first type of business model (i.e. hosting peer supply and demand). Most of the selected platforms combine elements of the second (active management) and third (platform governed transactions) business models.

All case study platforms show features of the second business model to actively facilitate transactions and foster trust. The most frequent platform services in the 2<sup>nd</sup> business model, are:

- matching tools such as search and filter functions and messaging systems;
- guidance for P2P interactions, notably for peer providers regarding pricing and posting listings;
- peer review or rating systems; and
- monitoring user activity.

The most frequent features of the third business model governing peer-to-peer transactions are:

- management of payments and monitoring the success of the transaction before releasing payments
- setting rules and fees for cancellation
- insurance as part of the transaction fee
- management of complaints and refunds

Half of the case study platforms are also involved in setting prices (AirBnb, BlaBlaCar, easyCar Club, Peerby Go and Uber) as an optional feature or by setting maximum or minimum prices (see Section 6.2.1 in this report and Task 4 for further details).

The case studies show that for-profit mature platforms charge transaction fees of up to 20-25% of the listing price ranging from about 10% on easyCar Club and eBay to roughly 20% on Airbnb, Nimber, BlaBlaCar, Uber and 25% on Peerby Go. In addition, platforms may also charge fees for additional services.

The case studies also show that as platforms grow and enlarge their user base, they start offering a wider range of services, have access to more data and get more involved in regulating peer behaviour and interactions.

Along with business models, platform monetisation strategies also evolve over time to exploit the business potential of an increased number of peer users. Thus, as platforms mature, they tend to shift from free services and/or subscription fees to transaction fees.

Overall, case study platforms development strategies are characterised by the following features:

- Set-up cost are relatively low and they mainly include software development, Public Relations (PR) and community trust-building.
- Initially, platform services are offered for free or at cost, while the platform invests in building up its user-base as a critical mass of users is required to benefit from network effects.

- As the user base grows beyond the initial community of high-trust individuals, more trust building services are developed and the platform gets more involved in 'policing' peer behaviour and interactions to remedy problems with transactions and combat fraudulent behaviour.
- Transaction fees are charged for use of platform services, and additional revenue streams are developed (fees for add-on services, cancellations etc.)
- Data (re)use strategies become more sophisticated and valuable as the user community grows

Most case study platforms do not yet appear to generate profits, but reinvest any earnings in market expansion. Once the platforms grow and enlarge their user base, consolidate their market share and benefit from network effects, the high level of automation of services and low marginal cost of additional transactions to the platform hold the promise of significant profits.

## 5 Peer experience, perceptions, expectations and problems in P2P markets

This section describes the experience of peer consumers and peer providers in P2P markets. It reports the experience of 10.019 respondents who used one or more of the P2P platforms under examination in each country. A significant part of the sample had used more than one platform, or had participated both as a peer consumer and as a peer provider on the same platform. These respondents could complete the questionnaire twice, i.e. for two different platforms, or from the perspective of a user or a provider. As a result a total of 8705 peer consumer experiences and 8498 peer provider experiences were collected. To further explore and understand the behaviour of peers, 10 focus groups with each 7 or 8 peer consumers and peer providers active on relevant online P2P platforms were organized in 10 cities in each of the countries<sup>79</sup> included in the consumer survey – in total 78 peers.

The detailed methodology for Task 2 survey and Task 3 focus groups is presented in Section 2 (with further details in the Task 2 and 3 reports).

### 5.1 Levels of peer satisfaction

A large majority of both peer consumers and providers who used the selected P2P platforms over the last 12 months are satisfied or very satisfied with their experiences. More than three quarter of P2P users are satisfied or very satisfied with P2P platforms, while only 4% to 5% are dissatisfied.

**Table 15: Satisfaction with overall experience using P2P platforms**

| Satisfaction with overall experience using P2P platforms | Very satisfied or Satisfied | Neutral | Not or not at all Satisfied |
|--|-----------------------------|---------|-----------------------------|
| <b>Peer Consumers</b>                                    | 83,4%                       | 12,3%   | 4,3%                        |
| <b>Peer providers</b>                                    | 77,2%                       | 17,8%   | 5%                          |

Source: Task 2 survey, Base - All peer consumers (N=8705) and peer providers (N=8498)

When comparing satisfaction between the (Re)Sale platforms and the collaborative platforms, consumer and provider satisfaction is, on average, the same. About 85% of peer consumers are satisfied with resale platforms and 75% to 89% of consumers are satisfied with collaborative platforms. Similarly, about 78% of peer providers are satisfied with resale platforms and 64% to 83% of the providers are satisfied with collaborative platforms. It is noticeable that peer consumers are slightly more satisfied than peer providers, especially for (Re)Sale goods platforms (85% vs. 78%), Sharing/Renting Accommodations platforms (83% vs. 73%) and Odd Jobs platforms (74% vs. 64%).

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<sup>79</sup> The cities where the fieldwork took place are London (UK), Milan (Italy), Paris (France), Nürnberg (Germany), Madrid (Spain), Warsaw (Poland), Ljubljana (Slovenia), Sofia (Bulgaria), Hilversum (The Netherlands) and Copenhagen (Denmark).

**Table 16: Satisfaction with overall experience using P2P platforms – Peer Consumers**

| Satisfaction with overall experience using P2P platforms – Peer Consumers | (Very) Satisfied | Neutral | Not (at all) Satisfied |
|---|------------------|---------|------------------------|
| (Re)Sale of goods   | 84,5%            | 11,4%   | 4,2%                   |
| Sharing/Renting Goods   | 73,1%            | 22,3%   | 4,6%                   |
| Sharing/Renting Accommodation   | 82,8%            | 11,7%   | 5,5%                   |
| Sharing/Hiring Rides  | 86,8%            | 9,7%    | 3,5%                   |
| Odd Jobs  | 74,2%            | 21,1%   | 4,7%                   |

Source: Task 2 survey, Base - All peer consumers (N=8705)

**Table 17: Satisfaction with overall experience using P2P platforms – Peer providers**

| Satisfaction with overall experience using P2P platforms – Peer Providers | (Very) Satisfied | Neutral | Not (at all) Satisfied |
|---|------------------|---------|------------------------|
| (Re)Sale of goods   | 78,1%            | 16,9%   | 5,0%                   |
| Sharing/Renting Goods   | 72,6%            | 22,0%   | 5,4%                   |
| Sharing/Renting Accommodation   | 72,7%            | 21,6%   | 5,7%                   |
| Sharing/Hiring Ride   | 82,9%            | 14,2%   | 2,9%                   |
| Odd Jobs  | 63,9%            | 28,2%   | 7,8%                   |

Source: Task 2 survey, Base - All peer providers (N=8498)

Peer consumers who were active on P2P platforms were also asked to compare their experiences on online P2P platforms with conventional businesses. Overall, they are more satisfied with online P2P platforms compared to conventional businesses. About two thirds of peer consumers are more satisfied with the prices on P2P platforms. Around 60% are also happier with the price quality ratio, the quality of services provided by peers and the availability of offers in P2P markets. Peer consumers rate the quality of goods and the trustworthiness of their experiences on P2P platforms less favourably in comparison with conventional business, but for almost half, there is no big difference in product quality, and for 40% there is no big difference in trustworthiness.

**Table 18: Satisfaction with experience using P2P platforms compared to conventional business – Peer consumers**

| Satisfaction with experience using P2P platforms compared to conventional business | (Slightly) more Satisfied | Neutral | (Slightly) less satisfied |
|--|---------------------------|---------|---------------------------|
| <b>Price</b>   | 68,1%                     | 23,5%   | 8,4%                      |
| <b>Availability of offers</b>  | 57,7%                     | 30,1%   | 12,2%                     |
| <b>Quality of product sold by the peer</b>   | 39,9%                     | 48,8%   | 11,3%                     |
| <b>Quality of service provided by the peer</b>                                     | 60,4%                     | 29,8%   | 9,8%                      |
| <b>Price/quality ratio</b>   | 61,7%                     | 30,4%   | 7,9%                      |
| <b>Trustworthiness</b>   | 44,7%                     | 40,5%   | 14,8%                     |

Source: Task 2 survey, Base - All peer consumers (N=8704)

When comparing peer consumer satisfaction with P2P platforms and conventional businesses per sector, the findings show that for most factors, both consumers of (Re)Sale platforms and consumers of collaborative platforms are more satisfied with these platforms than they are with conventional businesses. Satisfaction with all these aspects is particularly high compared to conventional business services in the ride sharing (e.g. BlaBlaCar) and ride hiring (e.g. Uber) sector. Exceptions are satisfaction with products and trustworthiness, where especially (Re)Sale of goods platform are evaluated as similar to conventional businesses.

**Table 19: Satisfaction with experience using P2P platforms compared to conventional business, sector breakdown**

|                        | (Re)Sale of goods          |                            | Sharing/Renting Goods      |                            | Sharing/Renting Accommodation |                            | Sharing/Hiring Rides       |                            | Odd Jobs                   |                            |
|------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                        | (Slightly ) more satisfied | (Slightly ) less satisfied | (Slightly ) more satisfied | (Slightly ) less satisfied | (Slightly ) more satisfied    | (Slightly ) less satisfied | (Slightly ) more satisfied | (Slightly ) less satisfied | (Slightly ) more satisfied | (Slightly ) less satisfied |
| Price                  | 68,62%                     | 6,55%                      | 54,7%                      | 20,04%                     | 67,14%                        | 10,76%                     | 79,69%                     | 6,29%                      | 49,9%                      | 24,27%                     |
| Availability of offers | 57,19%                     | 11,14%                     | 52,2%                      | 20,25%                     | 64,42%                        | 10,99%                     | 61,59%                     | 13,25%                     | 49,9%                      | 20,05%                     |
| Quality of products    | 39,07%                     | 11,01%                     | 49,9%                      | 15,45%                     |                               |                            |                            |                            |                            |                            |
| Quality of service     |                            |                            |                            |                            | 58,98%                        | 10,17%                     | 64,79%                     | 6,84%                      | 53,3%                      | 15,57%                     |
| Price/quality ratio    | 59,90%                     | 7,60%                      | 55,3%                      | 11,70%                     | 67,20%                        | 8,10%                      | 76,40%                     | 4,70%                      | 54,7%                      | 14,50%                     |
| Trustworthiness        | 40,12%                     | 15,82%                     | 49,7%                      | 15,03%                     | 54,85%                        | 11,23%                     | 59,71%                     | 10,71%                     | 54,6%                      | 15,04%                     |

Source: Task 2 survey, Base- All peer consumers (N=8704)

## 5.2 Peer consumer problems and personal detriment

The survey also asked peer consumers and peer providers about problems they experienced when using P2P platforms, and peer consumers if and how problems were solved and the level of personal detriment<sup>80</sup> they suffered as a result.

### 5.2.1 Problems experienced by peer consumers

Over half of peer consumers (55%) reported that they had experienced at least one of a range of problems. These included problems with the product/service not being as described or of poor quality; with the price not being as agreed or additional costs, non-delivery of the product or cancellation, safety issues with the product or the service; personal data being given, resold or leaked to others, or problems with using the platform during the last 12 months when using an online P2P platform.

The two main problems are that the product/service was either of poor quality or not as described.

**Table 20: Problems experienced – Frequency breakdown**

| Problems experienced   | Never | Once  | 2 to 4 times | 5 or more times | At least once |
|--|-------|-------|--------------|-----------------|---------------|
| 1. Product/service was of poor quality                                     | 71,3% | 20,2% | 6,7%         | 1,8%            | <b>28,7%</b>  |
| 2. Product/service was not as described                                    | 72,2% | 19,2% | 6,8%         | 1,8%            | <b>27,8%</b>  |
| 3. Experienced problems with using the website/app/platform functions      | 80,9% | 11,3% | 5,9%         | 1,9%            | <b>19,1%</b>  |
| 4. Product was not delivered/Reservation was cancelled                     | 82,4% | 11,9% | 4,4%         | 1,4%            | <b>17,6%</b>  |
| 5. Price was not as agreed or additional costs were not mentioned before   | 84,5% | 9,9%  | 4,1%         | 1,4%            | <b>15,5%</b>  |
| 6. Experienced safety issues with the product/goods/accommodation/ride/job | 88,4% | 6,7%  | 3,7%         | 1,2%            | <b>11,6%</b>  |
| 7. My personal data were given, resold or leaked to others                 | 90,1% | 5,1%  | 3,4%         | 1,5%            | <b>9,9%</b>   |
| 8. Other   | 81%   | 12,5% | 3,0%         | 3,5%            | <b>19%</b>    |

Source: Task 2 survey, Base - peer consumers (N=8705)

The main problems (i.e. goods and services of poor quality or not as described) turn out to be the same in the (Re)Sale of goods sector and the collaborative sector (see Table 21). Across the collaborative platforms, however, the incidence of problems is significantly higher in the renting/sharing of goods and odd jobs sectors. For these two sectors, problems with the functioning of the platform or website and problems with the price were also reported relatively more often.

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<sup>80</sup> Consumer detriment can be structural or personal. While structural detriment focuses on the loss of consumer welfare due to market failure, the current report looks at personal detriment, which is the personal experience of those consumers for whom something goes wrong.

In addition, In the (Re)Sale of goods and Sharing/Renting Accommodations sector, there were significant differences between large and small platforms, but not for all types of problems. In the (Re)Sale of goods sector problems were more likely to occur on larger platforms, with the exception of delivery or data security issues. For Sharing/Hiring Accommodation, there were no significant differences between larger and smaller platforms regarding the frequency of the main problems (service not as described and quality of service) but other problems (issues regarding the price or cancellations) were more likely to occur on larger platforms. Finally, in the Odd Jobs and Sharing/Renting Goods sector there were few significant differences between larger or smaller platforms. On smaller platforms for Sharing/Renting Goods problems of non-delivery (72.3% vs 61.2%) and data security (80.5% vs 64.4%) were more frequent than on larger platforms.

**Table 21: Problems experienced – Sector breakdown category**

| Problems experienced – Sector breakdown                                 | (Re)Sale of goods |               | Sharing/Renting Goods |               | Sharing/Renting Accommodation |               | Sharing/Hiring Ride |               | Odd Jobs |               |
|---|-------------------|---------------|-----------------------|---------------|-------------------------------|---------------|---------------------|---------------|----------|---------------|
|   | Never             | At least once | Never                 | At least once | Never                         | At least once | Never               | At least once | Never    | At least once |
| Experienced problems with using the website/app/platform functions      | 84,1%             | 15,9%         | 58,9%                 | 41,1%         | 81,8%                         | 18,2%         | 79,6%               | 20,4%         | 57,4%    | 42,6%         |
| Price was not as agreed or additional costs were not mentioned before   | 88,6%             | 11,4%         | 60,3%                 | 39,7%         | 83,7%                         | 16,3%         | 82,6%               | 17,4%         | 55,8%    | 44,2%         |
| Product was not delivered/Reservation was cancelled                     | 85,7%             | 14,3%         | 65,6%                 | 34,4%         | 86,4%                         | 13,6%         | 74,1%               | 25,9%         | 61,3%    | 38,7%         |
| Product/service was not as described                                    | 73,2%             | 26,8%         | 54,1%                 | 45,9%         | 74,2%                         | 25,8%         | 80,6%               | 19,4%         | 55,3%    | 44,7%         |
| Product/service was of poor quality                                     | 71,9%             | 28,1%         | 56,2%                 | 43,8%         | 78,8%                         | 21,2%         | 74,9%               | 25,1%         | 55,8%    | 44,2%         |
| Experienced safety issues with the product/goods/accommodation/ride/job | 92,3%             | 7,7%          | 66,8%                 | 33,2%         | 89,0%                         | 11,0%         | 82,9%               | 17,1%         | 64,7%    | 35,3%         |
| My personal data were given, resold or leaked to others                 | 93,4%             | 6,6%          | 69,9%                 | 30,1%         | 90,5%                         | 9,5%          | 88,5%               | 11,5%         | 64,7%    | 35,3%         |
| Other   | 81,6%             | 18,4%         | 72,2%                 | 27,8%         | 85,0%                         | 15,0%         | 80,9%               | 19,1%         | 72,3%    | 27,7%         |

Source: Task 2 survey, Base - peer consumers (N = 8705)

### 5.2.2 Comparing problems experienced using P2P platforms versus using conventional businesses

Overall, when comparing P2P platforms with conventional businesses, most peer consumers say they did not experience similar problems when using conventional businesses; only 26,4% of peer consumers say they had the same problems with conventional businesses.

However, the survey findings suggest that this percentage is somewhat lower for the (Re)Sale of goods sector (where 23,8% experienced a similar problem). This proportion is the highest for the sharing/renting goods platforms, where more than one third of respondents experienced similar problems.

**Table 22: Experienced similar problems when using conventional business – Sector breakdown**

|     | (Re)Sale of goods | Sharing/Renting Goods | Sharing/Renting Accommodation | Sharing/Hiring Ride | Odd Jobs |
|-----|-------------------|-----------------------|-------------------------------|---------------------|----------|
| Yes | 23,8%             | 36,9%                 | 29,6%                         | 25,7%               | 26,4%    |
| No  | 76,2%             | 63,1%                 | 70,4%                         | 74,3%               | 73,6%    |

Source: Task 2 survey, Base - peer consumers who experienced at least one problem (N=4626)

Comparing these results with the findings of the Digital Single Market Study<sup>81</sup>, about problems experienced in on-line shopping it can be observed that:

- problems with quality of the product or service are almost twice as frequent in P2P markets than in general online purchases - in the DSM survey 15% reported that the product/service was lower quality than advertised, whereas 28,7% of users of P2P platforms in the current study report poor quality products/services
- problems with non-delivery and cancellations are slightly more frequent in P2P markets - 13% in general online transactions and 17,6% in this P2P survey.

Peer consumers were asked if P2P platforms enable them to save money compared to conventional businesses. Overall, 68,8% slightly or completely agree that this is the case. Nearly a third do not believe this to be the case, indicating there is a significant minority of peer consumers on P2P platforms who value P2P platforms for reasons other than saving money.

**Table 23: Saving money using a P2P platform in comparison with conventional business (Peer consumers)**

| To what extent do you agree that using the P2P platform enables you to save money, compared to conventional businesses | Completely agree | Slightly agree | Neutral | Slightly disagree | Completely disagree |
|--|------------------|----------------|---------|-------------------|---------------------|
| Peer consumers   | 27,2%            | 41,6%          | 19,1%   | 7,4%              | 4,7%                |

<sup>81</sup>

[http://ec.europa.eu/consumers/consumer\\_evidence/market\\_studies/obstacles\\_dsm/docs/21.09\\_dsm\\_final\\_report.pdf](http://ec.europa.eu/consumers/consumer_evidence/market_studies/obstacles_dsm/docs/21.09_dsm_final_report.pdf)

The findings of the focus groups further clarify that P2P platforms are associated with good price deals and saving money, and that transactions often entail small sums. In particular, (second hand) goods (notably clothes) and transportation are said to be up to 70 or 80% less expensive on P2P platforms. With regard to accommodation and odd jobs some mention they are able to save, while others perceive the price level to be the same or even higher in comparison to the traditional economy.

Saving money is also relative to expectations: savings are much bigger if imperfections of the product or the service are not given importance. And in the end respondents find it hard to estimate how much money they have really saved. While savings on BlaBlaCar or Uber are indisputable, with goods one would not necessarily have bought it for the full price.

Although participants experience more problems and sometimes find it difficult to get to a solution, there appears to be a higher tolerance towards problems on P2P platforms compared with conventional businesses. The risk of bad experiences is perceived as part of the deal of the peer-to-peer game. Indeed, current P2P platform users say they are aware that they operate in a relatively unregulated environment, and of the risks this involves. They are willing to take the risk because generally only small amounts of money are at stake, and they do not use P2P platforms to make a living. But they feel that the benefits, in particular the opportunity of savings or getting a better deal, outweigh the risks.

### 5.2.3 Consumer detriment

Peer consumers were also asked to indicate on a scale of 0-10 to what extent they suffered personal detriment as a result of these problems<sup>82</sup>. Personal detriment in this case is defined as financial loss or any other type of harm (e.g. loss of time, stress, etc.).

On average the level of personal detriment experienced by peer consumers was low to medium in all sectors (between 2,01 and 3,76). It is notable that personal detriment is somewhat lower in the (Re)Sale of goods sector than in the collaborative sectors. Across the collaborative sectors, detriment is relatively higher in the sectors of Odd Jobs (3,76) and Sharing/Renting Goods (3,57). No data were gathered about the personal detriment experienced by peer providers.

**Table 24: Average level of personal detriment experienced as a result of problems experienced by peer consumers on P2P platforms**

|           | (Re)Sale of goods | Sharing/Renting Goods | Sharing/Renting Accommodation | Sharing/Hiring Ride | Odd Jobs |
|-----------|-------------------|-----------------------|-------------------------------|---------------------|----------|
| Detriment | 2,01              | 3,57                  | 2,85                          | 2,48                | 3,76     |

Source: Task 2 survey, Base - Peer consumers who experienced at least one problem (N=4626, 10 MS)

When comparing these personal detriment levels for certain categories of online P2P platforms with markets for more or less comparable kinds of services surveyed in the 2015 Market Monitoring survey, the reported average personal detriment level on online P2P platforms is lower compared to the detriment level in corresponding traditional consumer markets. The comparison may be biased insofar as the amounts at stake on P2P platforms may be significantly lower compared to similar products and services provided by conventional businesses, and they do not necessarily cover the same types of services.

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<sup>82</sup> A level 0 means "No or negligible detriment" and 10 means "A very significant detriment"

**Table 25: Average personal detriment level - Comparison between online P2P platforms and Market Monitoring 2015<sup>83,84</sup>**

| Average detriment level - comparison between online P2P platforms and Market Monitoring 2015 |                      |     |                                     |
|--|----------------------|-----|-------------------------------------|
| Online P2P platforms   | Avg. detriment level |     | Consumer Markets                    |
| Sharing/Hiring Rides Platforms   | 2,48                 | 5,3 | Vehicle Rental Services             |
| Sharing/Renting Accommodation Platforms  | 2,85                 | 5,2 | Holiday Accommodation Services      |
| Odd Jobs Platforms   | 3,76                 | 5,8 | House & Garden Maintenance Services |

Source: Task 2 survey, Base - Peer consumers who experienced at least one problem (N=4626)

The focus groups findings confirm that people experience more problems with transactions on P2P platforms than in regular transactions. Problems occur more often with second-hand items or services and in cross border transactions. Issues highlighted by respondents notably included products or services not corresponding to the descriptions, delayed or no delivery, last minute cancellations and no-shows of providers, fake accounts, and inappropriate behaviour.

But personal detriment is often not considered important because people see the risk they take as "part of the game" and a lot of transactions are low cost or lower cost than in the traditional economy.

### 5.3 Problems of peer providers

Finally, peer providers were also asked about any problems they had with the person they were providing the product/service to. 14% of providers experienced a problem with the other peer.

The occurrence of problems ranges from 11,3% on Sharing/Hiring Ride platforms to 16,4% on Sharing/Renting Accommodation and 21,9% on Odd Jobs platforms. In comparison, providers experience in the (Re)Sale of goods sector are - with 13,4% - on the lower end of the range.

**Table 26: Incidence of problems experienced by providers with other peers**

| Experienced problems with other peers | (Re)Sale of goods | Sharing/Renting Goods | Sharing/Renting Accommodation | Sharing/Hiring Ride | Odd Jobs |
|---------------------------------------|-------------------|-----------------------|-------------------------------|---------------------|----------|
| Yes                                   | 13,4%             | 16,1%                 | 16,4%                         | 11,3%               | 21,9%    |
| No                                    | 86,6%             | 83,9%                 | 83,6%                         | 88,7%               | 78,1%    |

Source: Task 2 survey, Base - peer providers (N=8498)

<sup>83</sup> Respondents in both the consumer survey and Market Monitoring Survey 2015 were asked to indicate on a scale of 0-10 the what extent they suffered personal detriment as a result of problems experienced during the previous year. Based on the answers, an average detriment level is calculated for a selection of markets. Although there is no exact concordance between the markets as defined in the Market Monitoring Survey, a comparison can be still be made with the specific sectors as defined in the Sharing Economy survey due to the similarities between the nature of the services provided in these markets.

<sup>84</sup> A level 0 means "No or negligible detriment" and 10 means "A very significant detriment"

The most frequent problems of peer providers (47,5%) were related to payment, including not being paid by the other peer, having to wait too long to get paid or reimbursed or having to pay costs that were not mentioned before the transaction. Also, 41% of peer providers who experienced a problem, indicated that the other peer did not show up or cancelled at the last moment. Finally, 27,5% had to deal with complaints and 27% experienced damages.

**Table 27: Problem types experienced by providers**

| Experienced problems with other peers   | Occurrence of problem |
|---|-----------------------|
| I was not paid by the other peer  | 25,8%                 |
| My personal data were given, resold or leaked to others   | 6,1%                  |
| I experienced problems with using the website/app/platform functions  | 8,1%                  |
| The person I rented accommodation to caused damage to my property/The person I gave a ride to damaged my car/The person to whom I lent /rented a tool/device damaged it | 27% <sup>85</sup>     |
| The person to whom I sold the product complained about it   | 27,5% <sup>86</sup>   |
| The person did not show up / cancelled at the latest moment   | 41% <sup>87</sup>     |
| The other peer did not follow the rules as mentioned on the platform  | 20,8%                 |
| I had to wait too long to get paid or reimbursed  | 24%                   |
| I had to pay costs that were not mentioned before during the transaction  | 9,4%                  |
| Other   | 15,3%                 |

Source: Task 2 survey; Base: peer providers that have experienced a problem with the other peer (N=1188)

The findings above indicate that most problems experienced by providers are related to payment issues and no show/cancellation issues. On the collaborative platforms, both types of problems are experienced almost equally often. In contrast, of all problems reported for the (Re)Sale of goods sector, cancellation issues were never mentioned, while half of the problems in this sector were payment-related. The findings for small and large platforms are also very similar, with slightly higher values for both problem types for large platforms.

**Table 28: Proportion indicating having experienced a payment issue or no show / cancellation issue - Size & (Re)Sale vs collaborative breakdown**

|                               | Small | Large | (Re)Sale | Collaborative |
|-------------------------------|-------|-------|----------|---------------|
| Payment issues                | 43,2% | 51,5% | 50,8%    | 40,2%         |
| No show / cancellation issues | 40,2% | 50%   | 0%       | 41%           |

Source: Task 2 survey, Base - Peer providers who experienced an issue with the other peer (N=1188)

In the focus groups, bad experiences of peer providers with peer-consumers related to inappropriate complaints or requests, damage of property, delays in payment or not paying at all, no-shows and last minute cancellations, fake accounts and inappropriate behaviour or comments

<sup>85</sup> Includes only peer providers who experienced a problem using Sharing/Renting Accommodation, Sharing/Hiring Ride and Sharing/Renting Goods platforms (N=289).

<sup>86</sup> Includes only peer providers who experienced a problem using (Re)Sale Goods platforms (N=815).

<sup>87</sup> Includes only peer providers who experienced a problem using Sharing/Renting Accommodation and Sharing/Hiring Ride platforms (N=200).

## 6 Clarity and transparency of information on P2P platforms

This section draws on the in-depth analysis of 10 case study platforms in Task 4 as well as the consumer engagement in Tasks 2 and 3 to identify consumer issues with regard to clarity and transparency of information on P2P platforms.

The main issues regarding clarity and transparency on P2P platforms concern:

1. Transparency and clarity about rights and responsibilities, notably with respect to the role of the platform in case of problems with the transaction – in terms and conditions and other
2. Transparency about whether the peer provider is a business or a professional – and qualifies as a 'trader' under consumer law, or whether he is acting in a private capacity
3. Transparency about prices, in search results and about different price elements;
4. Transparency about how platforms protect the privacy and use the data of peers;

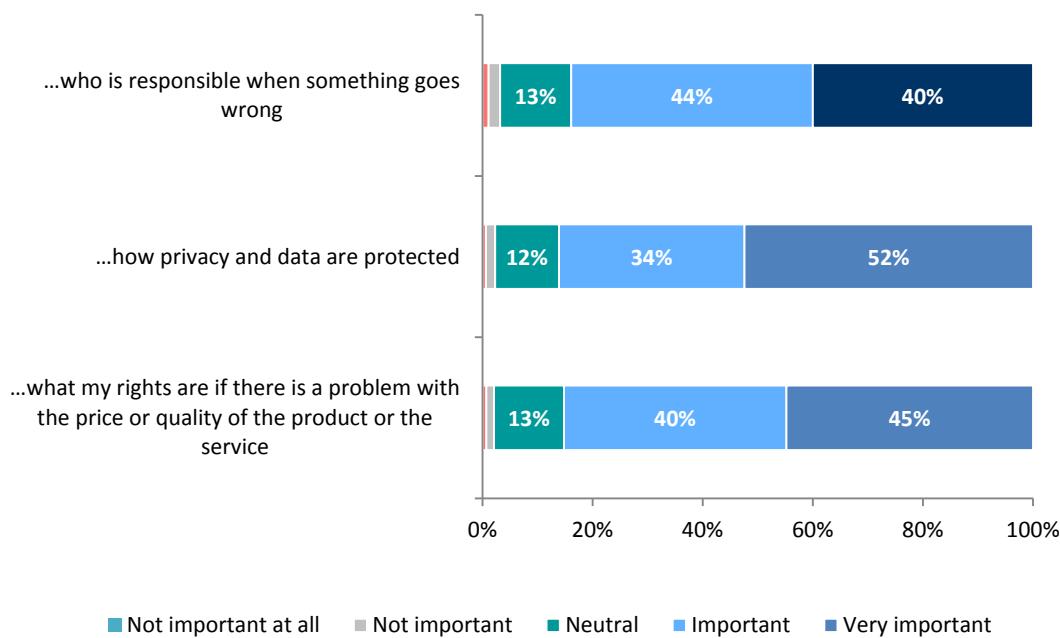
### 6.1 Peer perceptions of clarity and transparency on P2P platforms

The survey results clearly demonstrate that both peer consumers and peer provider have a low level of self-reported knowledge and a large amount of uncertainty regarding their rights and responsibilities of the on P2P platforms. Focus group results further indicate that what P2P may think are their rights on P2P platforms, is not necessarily true. This lack of knowledge about rights and responsibilities for peer consumers appears to be highest on Sharing/Hiring Rides and Sharing/Renting Accommodations platforms – while for peer providers it is mostly evident for (Re)Sale goods and sharing/renting ride platforms.

At the same time, peers attribute major importance to clarity and transparency about rights and responsibilities. A large majority of peer consumers and peer providers across all P2P sectors (around 85% and 80% respectively) consider it (very) important that the online P2P platform is clear and transparent about their rights and responsibilities

The consumer survey results show that about 85% of peer consumers think transparency about rights and responsibilities is important or very important. More than 85% of the peer consumers find transparency about how privacy and data are protected by the platform very important (52,4%) or important (33,7%); clarity about their rights in case there is a problem with the product price or quality is very important (44,8%) or important (40,4%) for 85,2%; and transparency about and for 83.9% transparency about who is responsible when something goes wrong is very important (40%) or important (43.9%).

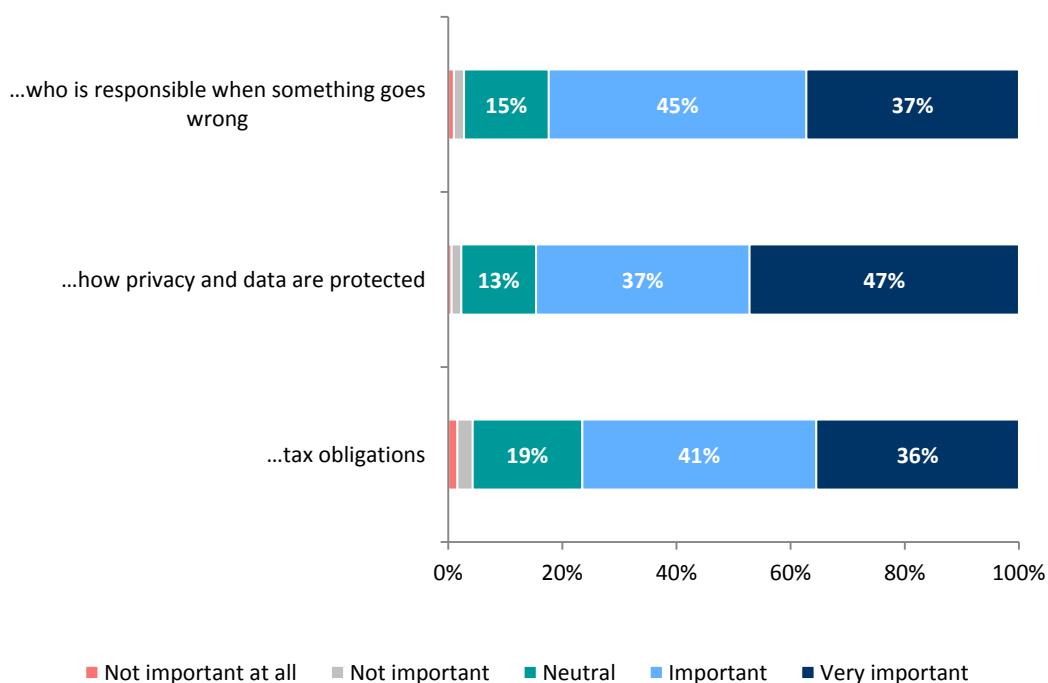
**Table 29: Importance of clarity and transparency about... - Peer consumers**



Source: Task 2 survey, Base - peer consumers (N=8705)

Similar to peer consumers, about 80% of peer providers are concerned about transparency over rights and obligations. Almost 85% of them find transparency about how privacy and data are protected by the platform very important (47.2%) or important (37.4%). More than 83% consider clarity and transparency about who is responsible when something goes wrong is very important (37.2%) or important (45.1%); and transparency about tax obligations is very important for 35.5%, and important for 41% of peer providers. The importance given to clarity and transparency about tax obligations was highest for peer providers on sharing/renting accommodation platforms.

**Table 30: Importance of clarity and transparency about... - Peer Providers**



Source: Task 2 survey, Base - Peer providers (N=8498, 10MS)

The survey shows that a majority of peer consumers and peer providers either don't know (between 15 and 19% of peer consumers and peer providers), or are uncertain about their rights (between 40% and 45% for peer consumers, and 23% and 24% for peer providers). Only around one third of peer consumers and one quarter of peer providers think they know their rights and responsibilities on P2P platforms.

**Table 31: Knowledge of rights for peer consumers and peer providers**

| Knowledge of rights – Peer consumers   | Know exactly | Not sure if I know | Don't know         | N/A        |
|--|--------------|--------------------|--------------------|------------|
| Knowledge of rights when something goes wrong  | 34,0%        | 44,0%              | 15,7%              | 6,3%       |
| Knowledge of who is responsible when something goes wrong  | 36,0%        | 42,7%              | 15,0%              | 6,3%       |
| Knowledge of the responsibility of the platform in case of a problem with a provider of a service or a product | 30,8%        | 43,7%              | 18,8%              | 6,6%       |
| Knowledge of the right to get compensation or be reimbursed if something goes wrong                            | 33,3%        | 40,9%              | 18,9%              | 6,9%       |
| Knowledge of rights – Peer providers   | Know exactly | More or less       | Not sure if I know | Don't know |
| Knowledge of rights when something goes wrong  | 25,5%        | 30,4%              | 23,4%              | 15,1%      |
| Knowledge of who is responsible when something goes wrong  | 27,5%        | 29,5%              | 23,0%              | 14,5%      |
| Knowledge of the responsibility of the platform in case of a problem with a provider of a service or a product | 24,8%        | 28,6%              | 24,0%              | 16,8%      |
| Knowledge of the right to get compensation or be reimbursed if something goes wrong                            | 26,3%        | 27,4%              | 23,2%              | 17,2%      |

Source: Task 2 survey; Base: all peer consumers (N=8705) and peer providers (N=8498)

The focus groups results also indicate that most of the current users of P2P platforms are not knowledgeable about the applicable rules. Peer consumers may incorrectly assume that basic online rights apply in online P2P markets. At the same time, peers do not actively seek to know more about their rights and obligations and they only become interested in them once a problem occurs. Many focus group participants expressed a need for more transparency about basic rules and expected a role for the platform in this: platforms could provide users with a succinct description of their basic legal rights and obligations.

## 6.2 Platform practices and approaches to clarity and transparency of information

To assess whether and how the above peer user concerns are related to actual platform practices, the case studies (Task 4 of this study) examined 10 platforms in greater detail.

### 6.2.1 The contractual nature of the transaction

The contractual nature of the transaction between peers can be difficult for peer consumers to determine in an online P2P environment. At the same time, whether the peer provider is an individual or a business has significant implications for the applicability of consumer and marketing law.

The findings from the case studies demonstrate that P2P online platforms have different practices and levels of transparency regarding the legal status of peer providers (Table 32).

Among the case studies, five platforms clearly make the distinction between private and commercial (peer) providers. On the one hand, some platforms (BlaBlaCar and easyCar

Club) exclude commercial activity by peer providers and/or businesses. On the other hand, several platforms (eBay, Wimdu and Yoopies) require peer providers to indicate their legal status; eBay and Yoopies also require peer providers to indicate on the listing or their profile whether they are a private individual or a business.

The remaining five platforms (Airbnb, Nimer, Peerby, Wallapop, Uber) do not make a distinction or do not require peer providers to give any information about their legal status.

Furthermore, all platforms deny liability for false information provided by peers.

**Table 32: Different platform approaches regarding transparency about private and commercial peer providers**

| Approach  | Platform                    | Tools  | Monitoring  |
|---|-----------------------------|--|---|
| <b>Only private peer providers can engage in P2P transactions on the platform</b>   | BlaBlaCar                   | Standardised T&Cs that define interaction between peers (Member's agreement)<br>Price caps and restrictions on the number of passengers reduce attractiveness for commercial providers | May request and verify relevant documents<br>Excludes liability for the validity of the information provided by peers |
|   | easyCar Club                | Pre-screening before giving access to platform-<br>Only allows private (and leased) cars   | Systematic case-by-case assessment<br>Excludes liability for the validity of information                              |
| <b>Platform requires peer providers to indicate if they are private or commercial but does not prevent commercial providers from engaging on the platform</b> | eBay                        | Different profiles for commercial and private providers  | Not mentioned,<br>Excludes liability for the validity of information  |
|   |                             | Shows peer provider status on the listing page   |   |
|   | Wimdu                       | Peer provider categories (private/commercial) based on 4 criteria  | Not mentioned; occasional on-site visits<br>Excludes liability for the validity of information                        |
|   | Yoopies                     | Information and advice on the "auto-entrepreneur status" in France<br>Shows peer provider status on the listing page   | Verifies official identity documents<br>Excludes liability for the validity of information                            |
| <b>Platform does not distinguish between private and commercial providers/does not require providers to indicate this</b>                                     | Airbnb                      | Professionally managed properties are expected to have 25 or fewer rooms and a full-time manager or owner available on site, as explained in special Hosting Standards                 | No information on monitoring or enforcement of guidance<br>Excludes liability for validity of information             |
|   | Peerby                      | n/a  |   |
|   | Wallapop                    | n/a  |   |
|   | Yoopies                     | n/a  |   |
|   | Nimer                       | n/a  |   |
|   | Uber Pop/Pool <sup>88</sup> | n/a  |   |

Source: VVA analysis of case studies

<sup>88</sup> Uber peer providers can be either private individuals, or professional drivers with license, depending on countries. However, the platform's T&Cs do not differentiate between the two statuses and designate peer providers indistinctly as "independent transportation providers".

The distinction between private and commercial peer providers is most relevant for larger platforms, which are much more likely attract professionals and (small) businesses providing commercial services because it gives them access to a large user base. But some of the largest case study platforms (e.g. Airbnb) still do not provide information on the peer provider's legal status. The practice of larger platforms such as Airbnb enabling peer providers to conclude transactions without distinction of their legal status is therefore a major obstacle to transparency about rights and responsibilities for consumers.

### 6.2.2 Pricing

The case study platforms have different practices and approaches to transparency in pricing. Most platforms (six out of 10) at the point of purchase give the total price and separate the different elements included in the price, but there are important variations in the detail of the breakdown. None of the platforms that charge fees to peer providers indicate this information in the total price shown to consumers.

**Table 33: Information about pricing**

| Platform  | Details of what is included in the price | Breakdown of the price paid to platform and to the peer provider | Add-on services | Notes  |
|---|--|--|-----------------|--|
| Airbnb  | X  | NA   | X               | <ul style="list-style-type: none"> <li>Price shown to peer consumer separates price of the accommodation, transaction fee charged to peer consumers, add-on services (e.g. cleaning fees);</li> <li>Price shown to peer consumer does not indicate the transaction fee charged to the peer provider</li> </ul>     |
| BlaBlaCar (transaction fee model)               | X  | NA   | NA              | <ul style="list-style-type: none"> <li>Price shown to peer consumer separates price of the ride, and transaction fee charged to peer consumers.</li> </ul>   |
| easyCar Club                                    |  | NA   |                 | <ul style="list-style-type: none"> <li>Peer consumers can only see the total price amount.</li> </ul>  |
| EBay  | X  |  | NA              | <ul style="list-style-type: none"> <li>Price shown to peer consumer separates the price of the item and shipping fees;</li> <li>Price shown to peer consumer but does not indicate the transaction fees charged to the peer provider (when applicable).</li> </ul>   |
| Nimber  | X  | NA   | NA              | <ul style="list-style-type: none"> <li>Price shown to the peer consumer separates the price of the parcel and transaction fees, but does not separate service fee and insurance.</li> </ul>  |
| Peerby Go                                       |  | NA   |                 | <ul style="list-style-type: none"> <li>Peer consumers can only see the total price amount.</li> </ul>  |
| UberPool  |  | NA   | NA              | <ul style="list-style-type: none"> <li>Price shown to the peer consumer does not separate the transaction fee charged to peer consumer.</li> </ul>   |
| UberPop   | X  | NA   | NA              | <ul style="list-style-type: none"> <li>Price shown to the peer consumer does not separate the transaction fee charged to peer consumer.</li> <li>Price shown to the peer consumer after the ride separates base fare, time and distance.</li> </ul>  |
| WallaPop  | NA                                       | NA   | NA              | <ul style="list-style-type: none"> <li>Does not charge fees to peer users.</li> </ul>  |
| Wimdu   | X  |  | X               | <ul style="list-style-type: none"> <li>Price shown to peer consumer separates price of the accommodation, transaction fee charged to peer consumers, add-on services (e.g. translation fees);</li> <li>Price shown to peer consumer does not indicate the transaction fee charged to the peer provider.</li> </ul> |
| Yoopies (transaction fee model, in France only) |  | NA   |                 | <ul style="list-style-type: none"> <li>Peer consumer can only see the total price amount.</li> </ul>   |

Source: VVA analysis of case studies

Most platforms separate the total cost shown to peer consumers between different price components, including:

- The price of the product or service charged by the peer provider;
- The transaction fee charged by the platform to peer consumers (if any);
- Other fees included in the price (e.g. for delivery, insurance);
- Fees for add-on services (insurance)
- Other costs (e.g. cleaning costs) or security deposits;

Generally, on most case study platforms, the prices displayed in search results do not include platform transaction fees. This means the total price is not shown to peer consumers when selecting a listing, and the total price of the transaction may not be clear until the booking is made

The only exception among the case studies is the French language version of BlaBlaCar where the price displayed in search results does include the transaction fee.<sup>89</sup> UberPop and Yoopies offer an estimate of the total price to be paid before the transaction is undertaken. Uber gives fare estimates in each city. On Yoopies peer consumers can simulate their budget on the basis of average hourly rates.

None of the platforms charging transaction fees to peer providers (Airbnb, eBay, Wimdu) show this amount separately in the total price paid by peer consumers.

Information about cancellation fees in case peer consumers decide to cancel a booking is accessible on most platforms (Airbnb, BlaBlaCar, eBay, easyCar Club, Nimmer, Peerby Go, Wimdu, Yoopies), either in the Help section or in T&Cs. Cancellation policies are explained by Airbnb, BlaBlaCar, easyCar Club, eBay, Peerby Go, Uber, Wimdu but the exact amount of the cancellation fee is not displayed by Airbnb, Wimdu or BlaBlaCar.

Platforms that recommend prices (e.g. Airbnb, Wimdu, Yoopies, Nimmer), set maximum prices (Uber, BlaBlaCar) or set 'dynamic' prices (e.g. easyCar Club "market pricing" option or Airbnb "smart pricing" option) do not make their algorithms for calculating prices public, but all of these platforms clearly state which type of data are taken into consideration. The fact that information is not available is more problematic for platforms that set prices, because peers have no or little leeway to change these (e.g. Uber sets a maximum price per ride, whereas BlaBlaCar sets a range of +/- 50%). On platforms with "dynamic" pricing mechanisms that set prices in function of daily or hourly fluctuations in supply and demand and/or other factors (e.g. Airbnb, Peerby Go, Nimmer, Uber) prices may change considerably over time, both for peer providers and peer consumers.

To conclude, the level of transparency about pricing is insufficient on the case study platforms examined for this study, in particular, in the search results. Most platforms separate different elements of the price, but this is not done in a systematic way between the transaction fees charged by the platform to peer consumers and providers, and potential add-on services. None of the platforms using algorithms to set or recommend prices publish precise information on how this is done.

The results are consistent with the survey which found that between 11.4% (resale of goods) and 44.2% (odd jobs) of peer consumers had experienced at least once that the price was not as agreed or additional costs had not been mentioned before the transaction (see also Section 5.3.1).

### 6.2.3 Terms and conditions

The screening of 485 platforms found that 86% of P2P platforms set terms and conditions for platform use and 35% also set terms or conditions for the interaction or transactions between the peers (see Section 3.1). The 10 case study platforms all set standardised terms and conditions for using the platform and some of these (Airbnb,

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89 BlaBlaCar case study report, section 2.4.1.

BlaBlaCar, eBay, Peerby and UberPool/UberPop) also set terms or conditions for the interactions or transactions between peers.

All platforms structure their T&Cs into different paragraphs and headings. However, the length of the document and technical nature of the vocabulary employed impair transparency about key responsibilities, rights and obligations. With the exception of Peerby Classic, T&C's are at least 10 pages long, and add up to 30 pages on Airbnb and Wimdu. Airbnb's T&Cs are spread between 10 different documents, which is an additional obstacle to transparency.

Unlike the nine other platforms, Peerby T&Cs are brief (approximately one page). Peerby Classic's T&Cs are fairly complete, containing provisions about platform use and peer interactions. Peerby Go's T&Cs, on the other hand, lack important elements about liability, complaints handling mechanism, price setting, or insurance.

Among the platforms selected for an in-depth case study analysis, insofar as the role and responsibility of the platform is explained, this is mainly to exclude responsibility or liability. There is no clear information about applicable consumer or contractual rights, or who is responsible if something goes wrong. However, on most platforms there are extensive FAQ sections explaining to peers what to do in case of problems, which creates the impression the platform does assume responsibility and will provide assistance in case of problems.

All T&Cs, except Peerby Go which does not specify any information about liability, exclude the platforms' liability or responsibility for the interactions and transactions between the peers, irrespective of how much control the different platforms have over the P2P transaction. None of the case study platforms assume responsibility for the accuracy of information provided by peers, including information on their identity or legal status.

At the same time, and despite this exclusion of liability, the T&Cs of several platforms contain provisions that directly govern the transaction and /or interactions between the peers, and they indicate that platforms can sanction peers in case of non-respect of those provisions.

- Airbnb's T&Cs state that users must comply with the Community Standards, the set of policies regulating interactions between peers. *"Airbnb reserves the right, at any time and without prior notice, to remove or disable access to any Listing for any reason, including Listings that Airbnb, in its sole discretion, considers to be objectionable for any reason, in violation of these Terms or Airbnb's then-current Policies and Community Guidelines or Standards."*
- BlaBlaCar's T&Cs contain provisions of the Member's Agreement, also available in a separate document. They can be found in a section about "Behaviour of users of the Platform and Members" that define the undertakings of the drivers and passengers. It is specified that, in case of breach of the T&Cs, the platform can *"(i) terminate the T&Cs immediately and without notice, and/or (ii) prevent the posting of or remove reviews or content posted on the platform, and/or (iii) limit the access and use of the platform, and/or suspend your account."*
- Similarly, Uber's Community Guidelines set rules about respect, safety, feedbacks for both drivers and riders. They state that, in case of problematic behaviour, the user *"may lose access to Uber"* through *"immediate loss of access to your account"*.
- eBay has a Member to member contact policy and a Discussion board's usage policy setting guidelines for communication between the peers. They specify to the user: *"Make sure you follow these guidelines. If you don't, you may be subject to a range of actions, including your messages being blocked, limits of your buying and selling privileges and suspension of your account."*
- eBay's T&Cs deny liability for issues resulting from platform use and P2P interactions, but has provisions in case the platform would be "found to be liable", although the platform does not specify the circumstances in which this may happen.

- Peerby's Classic T&Cs contain provisions about P2P interactions. They specify the purpose of the platform, and prohibit inappropriate requests. They state that the platform reserves the right "to refuse use of Peerby or any other service to anyone, for any reason."

Moreover, platforms which in practice set the key terms of the P2P transaction, i.e. control payments, monitor performance and sanction non-performance, and handle complaints and refunds nonetheless exclude all liability for the P2P transaction – as described in section 4.6, these are Airbnb, BlaBlaCar, eBay (in part), easyCar Club, Nimer, Peerby Go, Uber, and Wimdu.

In particular, these case study platforms in practice set at least part of the contractual terms of the P2P transaction. This may create the impression among users that the platform shares a certain degree of responsibility in case of non-performance or non-compliance of the performance. For instance, such impressions can be created by:

- holding payments until performance/compliance of the service is confirmed or withholding payment in case of non-performance or non-compliance by peers.
- imposing rules and fees for cancelations by peer consumers or peer provider.
- intervening to solve problems between peers through management of complaints, mediation of disputes and award of refunds.
- intervening to enhance safety and security by verification of peer identities, or creating the impression that identities are verified.
- (optional) automatic price-setting based on algorithms using internal/external demand/supply data.

At the same time, the terms and conditions of these platforms systematically exclude any liability of the platform in relation to the contracts concluded between the peers, and explicitly state that the platform is not a party to such contracts. For instance, all case study platforms exclude liability for:

- the accuracy of information provided by the peer to establish whether they are a commercial or a private provider;
- non-performance, non-compliance of the performance by the peer providers;
- the accuracy of information provided in peer-to-peer reviews.

The discrepancy between the platforms' level of intervention in setting the terms of the P2P transaction and the liability clauses in its T&Cs risks to confuse or mislead users with regard to the responsibility of the platform in case of problems with the P2P transaction.

#### 6.2.4 Data and data protection

There are a number of potential data protection concerns regarding the process by which information on people's personal habits, behaviours, plans, services or products they purchase, as well as contacts/friends is used currently by platforms or might be used in the future. As pointed out by the OECD Paper on Protecting consumers in peer platform markets,<sup>90</sup> a lack of data sharing policy information is combined with the risk of data breaches that can affect peers' personal information. Platforms that hold extensive data on providers and consumers may have the technical capacity not only for dynamic pricing in function of both supply and demand but also for selective matching of peer consumers and providers, in terms of the type of product service and/or prices. Such practices could

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<sup>90</sup> OECD (2016). Protecting Consumers in Peer Platform Markets: Exploring the issues. OECD Digital Economy Papers (253).

also lead to consumer discrimination, as underlined by a European Parliament study<sup>91</sup>, as well as other studies, especially for (re)sale platforms.<sup>92,93</sup>

P2P platforms collect different types of data at various stages of platform use. For example, Uber collects location information; contact information stored on the peer consumer's device (if access is given); transaction details; usage and preference information, e.g. through cookies and pixel tags; call and SMS data of contacts between the customer and the driver; and log information.<sup>94</sup> Airbnb indicates that the platform collects data given by peers when they set or update their account, or when they search for or post properties, as well as data not directly given by peers but produced when they use the platform such as their mobile data, contact information, log data, cookies recording the date, time and length of the visit.

Transparency about the data that platforms collect, who they share data with or sell them to, as well as information about data protection rules that apply is important for both peer providers and peer consumers since these platforms hold a lot of both behavioural and personal data about them. For example, Airbnb can hold important personal and behavioural data such as the peer's ID card, driver's licence or passport; email address, first name, surname, payment details, picture; data on dates, time and length of visits, and how the platform is used (search and purchasing data); data retrieved from mobile devices; data stored on Facebook, Google, or LinkedIn accounts.<sup>95</sup>

Almost half (46%) of the 485 platforms screened use or do not exclude using data to earn revenue as part of their monetisation strategy. They do so either by sharing or selling data to third parties for marketing purposes, or by not excluding that they may do this. Across sectors, Re(Sale) of Goods platforms are the principal data (re)users (59%), after Sharing/Renting Accommodation (49%), Odd jobs (39%), Sharing/Hiring Ride (36%) and Renting/Sharing Goods platforms (30%).<sup>96</sup>

The level of transparency regarding data (re)use and data protection was found to be uneven among the case study platforms.

**Table 34 : Platform data protection and data sharing policies**

| Platform              | Platform shares data with third parties | Platform provides data sharing policy |
|-----------------------|---|---------------------------------------|
| <b>Airbnb</b>         | X                                       |                                       |
| <b>BlaBlaCar</b>      | X                                       | X                                     |
| <b>easyCar Club</b>   | X                                       |                                       |
| <b>eBay</b>           | X                                       | X                                     |
| <b>Nimber</b>         | X                                       |                                       |
| <b>Peerby Classic</b> | X                                       |                                       |
| <b>Peerby Go</b>      |   |                                       |
| <b>Uber Pop/Pool</b>  | X                                       | X                                     |
| <b>Wallapop</b>       | X                                       |                                       |
| <b>Wimdu</b>          | X                                       |                                       |
| <b>Yoopies</b>        | X                                       | X                                     |

Source: VVA analysis of case studies

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<sup>91</sup> European Parliament (2013). Discrimination of Consumers in the Digital Single Market. Internal Market and Consumer Protection Committee, p. 15.

<sup>92</sup> Ursu, R. M. (2015). The power of rankings: Quantifying the effects of rankings on online consumer search and choice. Available at: [http://www.law.northwestern.edu/research-faculty/searlecenter/events/internet/documents/Ursu-Ranking\\_v2.pdf](http://www.law.northwestern.edu/research-faculty/searlecenter/events/internet/documents/Ursu-Ranking_v2.pdf)

<sup>93</sup> Ghose, A., Ipeirotis, P., Beibei, L. (2012). Examining the Impact of Search Engine Ranking and Personalization on Consumer Behavior: Combining Bayesian Modeling with Randomized Field Experiments. Available at: [http://www.ipeirotis.com/wp-content/uploads/2012/01/wise2011\\_SearchDesign.pdf](http://www.ipeirotis.com/wp-content/uploads/2012/01/wise2011_SearchDesign.pdf)

<sup>94</sup> Uber case study report, section 2.3.3.

<sup>95</sup> Airbnb case study report, section 2.3.3.

<sup>96</sup> Ibid.

All platforms have policies dedicated to data protection (referred to as “privacy policy”), except Peerby Go. These privacy policies contain elements on data collection, use and sharing by the platform.

Most platforms do not have a clear data use policy regarding transfers to third parties. All of them indicate they share data with third parties. However, only BlaBlaCar, eBay, Uber and Yoopies mention that they only do so with user consent. BlaBlaCar is the only platform to mention that data is not shared with third parties *against payment*. For example:

- BlaBlaCar gives a limited list of third parties to which information is disclosed, which includes other peers at the time of booking, payment processors at the time of payment, service providers for identity verification, law enforcement authorities, etc. The platform indicates that it does not disclose any information to third parties besides those in the list<sup>97</sup> and it underlines that the platform “*will not resell your information to any third party nor use it for any third-party marketing.*”
- eBay mentions service providers and financial institutions, law enforcement authorities, other companies that are part of the eBay group, and other peer users, with details on what the data is used for.<sup>98</sup> eBay explicitly states it will not “*sell or rent personal information to third parties for their marketing purposes without your explicit consent.*”

While platform privacy policies give information on data held and what is used for, the level of detail provided in the policies analysed in the case studies varies significantly. Airbnb, easyCar Club, Nimber, Wallapop, Wimdu do not exclude sharing or selling profile or behaviour data to third parties without user consent.

To conclude, P2P platforms rely extensively on the collection, use and sharing of data to provide their services. Gaps in transparency about these practices, especially data transfers to third parties, could raise major issues for consumers. The survey results have shown that problems with personal data being sold, leaked or shared with others affect between 6.6% (resale of goods) and 35.3% (odd jobs) of peer consumers and clarity and transparency about how data and privacy are protected is one of the most important issue for both types of peers with 84-86% of users considering this important or very important (see also Section 6.1).

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<sup>97</sup> BlaBlaCar case study report, section 2.3.3.

<sup>98</sup> eBay case study report, section 2.3.3.

## 7 Trust building & verification of information on P2P platforms

While conventional businesses generate consumer trust through compliance with governmental regulations, platforms seek to generate trust through a variety of trust-building tools. Peer reviews/ratings and reputation systems are the most prominent "trust building tools" across all platforms and they are often presented by platforms as their main instrument for protecting peer consumers and peer providers against fraud and other risks and for ensuring the quality of goods and services and reliability of providers.

The OECD Digital Economy Paper on "Protecting consumers in peer platform markets" points out that "trust is the key issue for consumers in peer platform marketplaces". Peer consumers can lack trust in the reliability and qualifications of peer providers, the quality of the product or service, or the safeguards offered by the platforms.<sup>99</sup> In response to negative consumer experiences such as identity theft, fraud, or safety issues, platforms have introduced the possibility to complain, to access redress options, or to be covered by an insurance.

To help ensure reliability and quality, and to address risks such as fraud, identity theft or safety issues, P2P online platforms have developed a number of mechanisms. The OECD paper identifies the following main categories of trust-building tools or trust-building mechanisms:<sup>100</sup>

- Review and reputation systems. Peer review systems help consumers to make informed choices by giving them access to other peers' feedback on the peer provider and/or the product/service. Reputation systems, on the other hand, inform about the peer provider's reliability. In addition to having a trust-building function, review and reputation systems can also help regulate peer behaviour through peer-pressure, or help the platform monitor and enforce rules and minimum requirements. Their effectiveness depends on a number of factors, such as the involvement of both platforms and peers, and the size of the platform.
- Guarantees or insurance schemes. These mostly aim to provide additional cover for peer providers assets; they can be free of charge or included by default in the transaction fee, or available as add-on services. These are addressed in Section 8.
- Verified identities. Face-to-face interaction between peers occurs late (or never) on online P2P platforms, which increases risks of identity theft, fraud or safety issues. Some platforms verify peer user data, but most do not verify identity on the basis of official documents., User data are usually checked by confirming an email address, or by linking to the peer's social media account. Pre-screening (by the peer platform). As an additional mean to verify identity, some platforms offer pre-screening of peer providers through verification of external data bases such as motor vehicle records or criminal background checks.
- Secure payment systems. Many peer platforms offer payment services, often in co-operation with established external payment system providers. The safety of payment systems is outside of the scope of this report.
- Guidance and information (or "education") for users. Platforms may offer information about rights and obligations, or give advice to peers to increase safety and quality. The value of this information varies depending on its accuracy, the level of detail and clarity.

As the OECD Digital Economy Paper highlights, the effectiveness of these trust-building mechanisms in achieving consumer protection outcomes is still to be determined.<sup>101</sup>

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<sup>99</sup> OECD Paper, op. cit., p.17.

<sup>100</sup> OECD Paper, op. cit., p. 18.

<sup>101</sup> OCDE Paper, op. cit., p. 18.

## 7.1 Peer perceptions of peer reviews, ratings and reputation systems

As highlighted by the OECD, the effectiveness of peer review and rating systems as trust-building tools depends on the active involvement of both peer platforms and peers. In particular, these tools are "*clearly less effective without a critical mass of participating peers*".<sup>102</sup>

The survey data show that a majority of peer consumers and peer providers do not use peer reviews or ratings systematically. Only about 40% of peer consumers and peer providers use reviews regularly.

A small majority of peer consumers conclude transactions without verifying reviews of the peer providers, and a definite majority do not contribute reviews after the transaction.

This indicates that reviews are unlikely to reflect the experience of all platform users, but rather to represent those of a smaller number of more involved peers.

Even those peer consumers who experienced a problem, most did not take any action at all, and only about a fifth of those who did take action, gave a low ranking or bad review in response to the problem.

It is therefore likely that the reviews and ratings posted by peer consumers do not reflect the experience of all platform users but rather those of a more active minority and may be biased as negative experiences appear in a majority of cases not to result in review or rating activity.

**Table 35 : Use of review/rating systems by peer consumers and providers before and after a transaction (consumers and providers)**

| Use review/rating systems before a transaction | Never | Rarely | Sometimes | Frequently | Always |
|--|-------|--------|-----------|------------|--------|
| Peer consumers                                 | 14,7% | 10,9%  | 25,7%     | 26,7%      | 22%    |
| Peer providers                                 | 21,2% | 13,5%  | 25,4%     | 22,2%      | 17,7%  |
| Use review/rating systems after a transaction  | Never | Rarely | Sometimes | Frequently | Always |
| Peer consumers                                 | 17,6% | 13,8%  | 26,4%     | 21,7%      | 20,5%  |
| Peer providers                                 | 23%   | 14,3%  | 24,1%     | 20%        | 18,6%  |

Base: All peer consumers (N=8705) and peer providers (N=8498)

The general pattern of irregular usage of rating and review systems prevails in all sectors examined. Only on accommodation platforms 59% of peer consumers use reviews or ratings always or frequently before a transaction, but after their transaction only 46% give a rating or review.

The survey indicates that the limited use of peer review and rating systems may be partly explained by a lack of confidence of P2P users have in such systems:

- While most peer consumers generally evaluate user review systems as a positive contribution to safety and protection and adequate information (those who agree completely and those who slightly agree), three quarters of peer consumers have

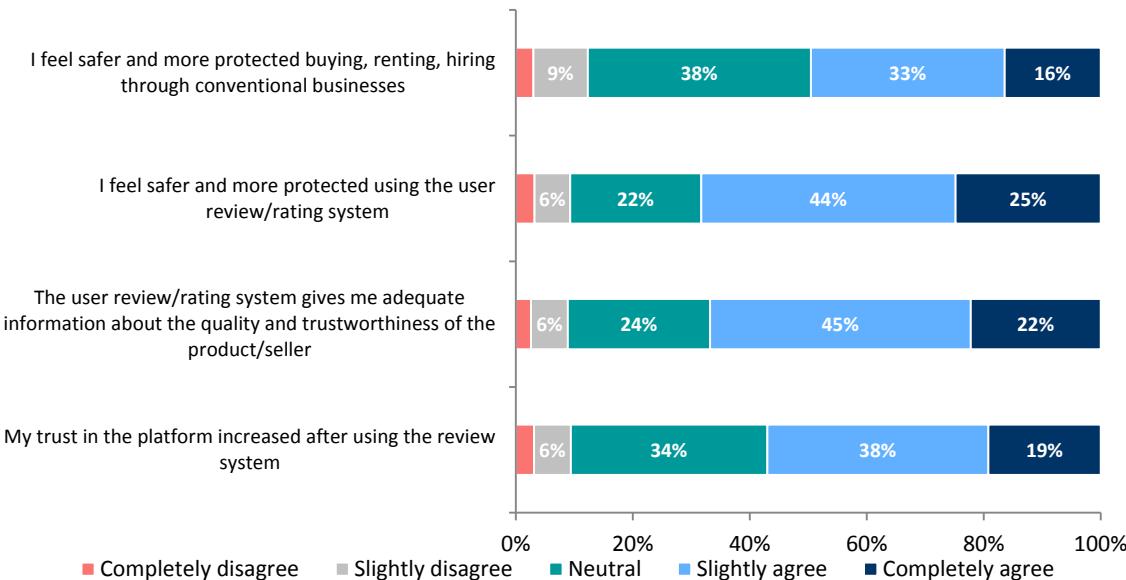
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<sup>102</sup> OECD Paper, op. cit., p. 18.

at least some reservations about the reliability of user review systems and do not think they necessarily provide complete safety and protection (those who slightly agree, neutral, and disagree slightly or completely).

- Use of a review system clearly increases trust in the platform for almost 20% of peer consumers. But almost 40% only slightly agree with this statement, a sizable minority of 34% are neutral and almost 10% disagree.

**Table 36: Peer consumer views regarding the user review/rating systems**



Source: Task 2 Survey; Base: all peer consumers (N=8705)

Focus group findings also provide clear indications about awareness about the subjectivity of reviews, and respondents underlined uncertainty about their representativeness, as it is not clear whether people tend to write reviews more often or not after they have experienced a problem.

This is consistent with other studies which have found that reviews are perceived as more or less useful depending on the identity of the reviewer and the characteristics of the review<sup>103</sup>, and that the lack of information about how platforms select and present peer reviews can raise questions about their accuracy and objectivity.<sup>104</sup> Others have pointed to the fear of retaliation (i.e. the peer consumer is concerned about having a bad rating in return) or collusion (i.e. both peers implicitly agree to give each other good ratings),<sup>105</sup> including in cases of feedback reciprocity where the peer provider has the possibility to reply to feedback received.<sup>106</sup> The problem of fake reviews was also raised in the public consultation on the regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy<sup>107</sup>.

The focus group findings give some indications that for some types of users trust may be linked to the size of the platform, though this was not investigated in the survey. For others, the local nature of small platforms is seen as a great advantage as proximity creates a basis for trust. Furthermore, a strict registration system also appears to help inspire towards the platform.

<sup>103</sup> Pradeep R., Wesley F., "Perceived 'usefulness' of online consumer reviews: An exploratory investigation across three services categories", *Electronic Commerce Research and Applications*, Vol. 11, no. 6, p.

<sup>104</sup> OECD Paper, op. cit., p. 18.

<sup>105</sup> Slee T., 2013, "Some obvious things about Internet reputation systems", p. 7. Retrieved on: [http://tomslee.net/wordpress/wp-content/uploads/2013/09/2013-09-23\\_reputation\\_systems.pdf](http://tomslee.net/wordpress/wp-content/uploads/2013/09/2013-09-23_reputation_systems.pdf)

<sup>106</sup> Bolton et. al, 2012, "Engineering trust. Reciprocity in the production of reputation information", p. 26.

<sup>107</sup> European Commission, 2016, Synopsis report on the public consultation on the regulatory environment for platforms, online intermediaries, data and cloud computing and the collaborative economy. Retrieved on: <https://ec.europa.eu/digital-single-market/en/news/public-consultation-regulatory-environment-platforms-online-intermediaries-data-and-cloud>.

The survey and focus group results show that peers engaged in P2P markets do not systematically use and do not always trust peer reviews and ratings. Instead of relying only on peer reviews and ratings, peers seem to evaluate the overall reliability of a platform and of its peer providers based on a combination of elements. Comparisons with conventional businesses, show that about 50% of peer consumers feel more protected when interacting with conventional businesses than when interacting with the P2P platforms and almost 40% do not see much difference, and 12% disagree that conventional business transactions are safer or offer more protection.

## 7.2 Platform practices regarding peer review, ratings and reputation systems

Over time, ratings and reviews received by peers can be aggregated into an overall assessment of the peer (i.e. the peer's "reputation") which can be endorsed by the platform. According to Slee (2013), reputation is a "*sign of trustworthiness manifested as testimony by other people*".<sup>108</sup> Applied to the context of P2P platform economy, it can be defined as the social capital built by peers with the trust they accumulated as a result of their online activities. This trust is captured with the data available on P2P platforms, for instance reviews and ratings.<sup>109</sup> Botsman (2012) coined the term "*reputation capital*" to define trust stemming from the peer activity on a particular online P2P platform.<sup>110</sup>

Peer review, rating and reputation systems are a key feature of P2P platforms across all sectors and countries. Over half (52%) of the 485 platforms screened feature a peer review or reputation system. Peer review, rating and reputation systems are a common feature on the case study platforms: All case study platforms except Peerby provide such a system.

The Table below provides an overview of the peer reviews and reputation systems available on the case study platforms which were analysed in greater depth in Task 4 of the study.

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<sup>108</sup> Slee T., op. cit., p. 3.

<sup>109</sup> Balaram B., 2016, "Fair share. Reclaiming power in the sharing economy". Retrieved on: <https://medium.com/rsa-reports/fair-share-reclaiming-power-in-the-sharing-economy-499b46bd4b00#.a95g35stt>

<sup>110</sup> <http://rachelbotsman.com/thinking/>

**Table 37: Peer review and reputation systems**

| Platform              | Sector                        | Reputation system  |                               | Peer review system | Monitoring of reviews |                   | Notes   |
|-----------------------|-------------------------------|--------------------|-------------------------------|--------------------|-----------------------|-------------------|---|
|                       |                               | Peer profile badge | Peer feedback - rating system |                    | Before publication    | After publication |   |
| <b>Airbnb</b>         | Sharing/Renting Accommodation | X                  | X                             | X                  |                       | X                 | It is not clear if there is a monitoring system in place or the platform relies on peers to signal inappropriate reviews.           |
| <b>BlaBlaCar</b>      | Sharing/Hiring Ride           | X                  | X                             | X                  | X                     |                   | BlaBlaCar monitors feedback before they are released on the platform, as specified in the FAQ.                                      |
| <b>easyCar Club</b>   | Sharing/Renting Goods         |                    | X                             | X                  | X                     |                   | The platform monitors all reviews before publication. On EasyCar club negative feedback is required before a complaint can be made. |
| <b>eBay</b>           | (Re)Sale of goods             | X                  | X                             | X                  |                       | X                 | It is not clear if there is a monitoring system in place or the platform relies on peers to signal inappropriate reviews.           |
| <b>Nimber</b>         | Odd Jobs                      |                    | X                             | X                  |                       |                   | Does not specify if reviews are monitored.  |
| <b>Peerby</b>         | Sharing/Renting Goods         |                    |                               |                    |                       |                   | n/a   |
| <b>Uber Poop/Pool</b> | Sharing/Hiring Ride           |                    | X                             |                    |                       | X                 | Peer providers can be deactivated if their rating falls below the minimum rating, which varies for each city <sup>111</sup>         |
| <b>Wallapop</b>       | (Re)Sale of goods             |                    | X                             | X                  |                       | X                 | Wallapop has a moderation team which monitors peer user activities including peer reviews.  |
| <b>Wimdu</b>          | Sharing/Renting Accommodation |                    | X                             | X                  |                       | X                 | It is no clear if there is a formal monitoring system in place of the platform replies on peers to signal inappropriate reviews.    |
| <b>Yoopies</b>        | Odd Jobs                      |                    | X                             | X                  |                       | X                 | Reviews are monitored after publication through keyword search.   |

Source: VVA analysis of Task 4 case studies

<sup>111</sup> Uber specified that deactivation applies in the EU but there is no publicly available information on rules governing deactivation of users.

The following practices were identified in how platforms manage review and rating systems:

- All the platforms that allow peers to leave reviews to other peers (except for Nimmer that does not specify), reserve the right to delete reviews if they do not respect certain standards (i.e. use of violent/vulgar language).
- Three platforms award reputation badges rewarding peers for their positive performance or activity on the platform. These are:
  - BlaBlaCar’s “experience levels” assess the frequency and the quality of the platform’s use by the peer.
  - Airbnb has a badge that distinguishes “Super Hosts” for the quality of the services they provide on the platform.
  - eBay gives badges for peer providers offering “Top-rated” or “Premium Service”
- Two out of eight platforms (BlaBlaCar, easyCar Club) monitor all reviews before publication. Yoopies and Wallapop monitor and control user reviews through a keyword search after reviews are published, while the other platforms (AirBnb, eBay, Wimdu) appear to rely on peers to signal unfair, incorrect or fraudulent reviews.
- None of the platforms provides information about the reliability or representativeness of user reviews or ratings.
- Some platforms state they use ratings or reviews to promote or relegate listings in the search results (AirBnb). Other platforms do not inform users if and/or how positive or negative reviews influence the search results.
- On Uber, peer providers can be deactivated if their rating falls below a minimum rating, which varies for each city. Uber alerts peer providers if their rating is approaching the lower limit, and gives them information about quality improvement courses. Peer providers are deactivated after multiple notifications.
- BlaBlaCar’s “two-way review system” means that the platform does not disclose user feedback until both peers have reviewed each other, or until 14 days have passed<sup>112</sup>. The peer consumer’s review about the driver’s ability is anonymous, to encourage honesty and reduce fear of retaliation<sup>113</sup>.

To conclude, although review and rating systems are a key trust building tools, a large minority of platforms do not offer such systems. Among the case study platforms, most do, but they often do not clearly explain how these systems are monitored and managed, and how they are used in search results. None of the platforms give information to users about the representativeness and reliability of user reviews or ratings, although they dispose of the data to establish the percentage of transactions that are reviewed and the frequency of fake or fraudulent reviews.

### 7.3 Platform practices regarding pre-screening and identity verification

In addition to peer reviews, ratings and reputation systems, identity verification is another resource available to platforms to create trust among users. The screening of 485 platforms found that 25% of platforms carry out some form of check of user data or

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<sup>112</sup> BlaBlaCar case study reports, section 2.4.1.

<sup>113</sup> BlaBlaCar case study report, section 2.4.1.

identity information. The nature of these checks and their thoroughness varies significantly across platforms as shown by case studies and the Legal Analysis.

The review of the Terms and Conditions of the P2P platforms screened for Task 5<sup>114</sup> highlighted two main systems for the platform to check the user information when registering to gain access to transacting on the platform:

- Sending a verification email (usually during the registration process): the platform sends an email to the email address provided by the user and asks him to confirm that he revealed his email address for the purpose of registration with the platform; and/or
- Registering with the platform through social media or services offered by Google or Facebook. Instead of filling in an online registration form, registration can be completed by linking the user's account to an existing social media profile. Consequently, the basic information available in the social media service, such as user's identity and personal contact information, is directly transferred to the platform.

It further finds that most national platforms have no mechanisms to actively *verify* that the information provided by their users as well as their personal data are truthful and reliable. But some national platforms have stricter (optional or obligatory) verification procedures for peer providers: these include CarAmigo (BE)<sup>115</sup>, Guloggratis<sup>116</sup> (DK) Tradera,<sup>117</sup> (SE) or Osta<sup>118</sup> (EE), Elderhomeshare (EI),<sup>119</sup> Hassle<sup>120</sup> and Trusted House Sitters<sup>121</sup> (UK), and Jobado and Helping (NL)<sup>122</sup>.

The case studies show that two sharing/hiring ride platforms (Uber and easyCar Club) carry out a pre-screening of peer provider identity during the registration process, by verifying the authenticity of identity and car registration documents and by checking criminal records. Wimdu checks out peer providers through phone calls and occasional visits. But most platforms explicitly deny responsibility for the accuracy of identity information of peers in their T&Cs (e.g. Airbnb, eBay, Nimber, Peerby Classic, BlaBlaCar, Yoopies, Wallapop).

The table below provides a summary of the current practices of the 10 case study platforms in terms of pre-screening and identity verification.

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<sup>114</sup> Task 5 report, section 4.2.2.

<sup>115</sup> CarAmigo website, available at: <https://www.caramigo.be/imq/cqu/CGU-Caramigo-FR.pdf>. Belgian platform for the sharing of carpooling and ride sharing activities.

<sup>116</sup> 'Terms and conditions', Guloggratis website available at <http://www.guloggratis.dk/sider/brugerbetingelser>. Danish platform facilitating the (re)sale of new and used/second-hand goods.

<sup>117</sup> Tradera homepage regarding liability available at <http://info.tradera.com/sakerhetscenter/anvandaravtal/>. Swedish platform facilitating the (re)sale of new and used/second hand goods).

<sup>118</sup> Terms and conditions Osta.ee, available at: <https://osta-ee.postimees.ee/index.php?fuseaction=support.page&id=1048>. Estonian platform for the sale or (re)sale of new and used/second hand goods).

<sup>119</sup> 'Terms and conditions' Elderhomeshare website available at <http://www.elderhomeshare.ie/#!garda-vetting/c24ze>. Irish platform for sharing of private accommodation.

<sup>120</sup> Hassle website available at <https://hassle.com/uk/apply> (non-professional services).

<sup>121</sup> Website available at <https://www.trustedhousesitters.com/gb/> (non-professional services).

<sup>122</sup> They are both platforms offering non-professional services. Jobado website, available at <https://www.jobado.nl/algemene-voorwaarden>; and Helping website, available at <https://www.helping.nl/algemenevoorwaarden>.

**Table 38: Pre-screening of peers and identity verification**

| Platform             | Sector                        | Pre-screening                      |                       | User information checks (through email or social media) | Notes   |
|----------------------|-------------------------------|------------------------------------|-----------------------|---|---|
|                      |                               | Verification of identity documents | Criminal record check |   |   |
| <b>Airbnb</b>        | Sharing/Renting Accommodation | Optional                           |                       | X   | <ul style="list-style-type: none"> <li>Verification of email and of mobile number (optional) and possibility to connect to social media profile</li> <li>Peers can submit a copy of the identity document such as passport, it can also be requested by peer providers</li> <li>Optional "Verified ID" badge for peers that submit a certain amount of information</li> </ul>   |
| <b>BlaBlaCar</b>     | Sharing/Hiring Ride           | Optional                           |                       | X   | <ul style="list-style-type: none"> <li>Verification of email and mobile number (optional) and possibility to connect to social media profile</li> <li>Optional verification of identity document/driving license in France and the UK only</li> </ul>   |
| <b>easyCar Club</b>  | Sharing/Renting Goods         | X                                  | X                     | X   | <ul style="list-style-type: none"> <li>Verification of email and possibility to connect to social media profile</li> <li>Verification of identity document and criminal record checks</li> <li>Verification of car registration and driving license and proof of residence by cross-checking with insurance databases, MOT, government open data, and electoral roll.</li> <li>Video calls to verify the peer identity</li> </ul> |
| <b>eBay</b>          | (Re)Sale of goods             |                                    |                       | X   | <ul style="list-style-type: none"> <li>Verification of email</li> </ul>   |
| <b>Nimber</b>        | Odd Jobs                      |                                    |                       | X   | <ul style="list-style-type: none"> <li>Verification of email and mobile number and possibility to connect social media profile</li> </ul>   |
| <b>Peerby</b>        | Sharing/Renting Goods         |                                    |                       | X   | <ul style="list-style-type: none"> <li>Verification of email and possibility to connect to social media profile</li> </ul>  |
| <b>Uber Pop/Pool</b> | Sharing/Hiring Ride           | X                                  | X                     | X   | <ul style="list-style-type: none"> <li>Procedure varies between countries.</li> <li>Verification of peer provider identity document and criminal record checks</li> <li>Verification of email and possibility to connect to social media profile</li> <li>Phone number and payment method needed during the registration process</li> </ul>   |
| <b>Wallapop</b>      | (Re)Sale of goods             |                                    |                       | X   | <ul style="list-style-type: none"> <li>Verification of email and possibility to connect social media profile</li> </ul>   |
| <b>Wimdu</b>         | Sharing/Renting Accommodation |                                    |                       | X   | <ul style="list-style-type: none"> <li>Verification of email and possibility to connect to social media profile</li> <li>Peer provider receives a personal phone call when adding a listing</li> <li>Wimdu employees occasionally visit properties in person</li> </ul>   |
| <b>Yoopies</b>       | Odd Jobs                      | Optional                           | Optional              | X   | <ul style="list-style-type: none"> <li>Verification of email and possibility to connect to social media profile</li> <li>Optional verification of identity document, criminal record and qualifications by platform to obtain the "verified" badge</li> </ul>   |

Source: VVA analysis of Task 4 case studies

In the sharing/hiring Ride sector, systematic pre-screening is more likely (easyCar Club, Uber). In (re)sale and sharing/renting goods sectors, verification of information is limited to basic user information checks. Sharing/renting accommodation and odd job sectors present a more mixed picture with some platforms offering non-mandatory verification of ID documents (Airbnb, Yoopies).

To conclude, platform checks regarding the user identity information submitted by peers remain, in most cases, quite basic and almost all platforms deny responsibility for the accuracy of user information. The lack of adequate identity verification also raises concerns given that often people meet face-to-face, geolocation data are exchanged among platform users and the other peer may not be identifiable in case something goes wrong with the transaction. Appropriate user identity verification also is a key element in ensuring the authenticity of user reviews.

Furthermore, the results of the screening of 485 platforms, the user survey and focus groups, as well as the case studies, indicate that the core trust building tools, peer review and rating systems as operated by most platforms and their identity verification practices, are neither fully reliable nor transparent. Their effectiveness is therefore subject to serious doubt.

## 7.4 Cross-platform portability of reputations and identity verification

A general issue of peer review and ratings and identity verification systems is their portability across platforms.

As highlighted by consumer associations, peers build their “reputation capital” on each platform gradually as they use them, but most of the time cannot transfer this reputation to another platform.<sup>123</sup> This lack of portability is problematic for several reasons. First, it can become a disincentive for peers to change platforms (“lock-in” effect), restricting consumer choice and hindering competition between platforms.<sup>124</sup> Secondly, it can make it more difficult to identify peer providers or peer consumers with bad ratings or reviews as they can build new reputations from scratch every time they change platform.<sup>125</sup> Third, it also raises questions of data ownership when peers do not have access to use of their reputation data as they wish.<sup>126</sup>

There are a number of initiatives aiming to facilitate online reputation portability. Several platforms such as Traity, Deemly or Trust Cloud have been set up to enable consumers to create “reputation passports”<sup>127</sup>. They rely on algorithms that collect data from several platforms about the peer’s interactions with other peers. For instance, Deemly calculates a score out of the peer’s ratings and reviews on different platforms. During registration, the platform asks users to log into the platforms where they are registered<sup>128</sup>, to access their ratings and reviews, and at least one social media platform to verify their identity. The Deemly profile score can be used across platforms as proof of reliability. The collection and use of personal data is controlled by the platform’s Privacy policy, which states that the user’s information is encrypted and will not be sold to third parties.<sup>129</sup>

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<sup>123</sup> OCU et al, 2016, “Collaboration or business? Collaborative consumption: from value for users to society with values”, p. 12.

<sup>124</sup> BEUC, 2016, Position Paper on the Collaborative Economy, p. 9

<sup>125</sup> OCU et al., op. cit., p. 12.

<sup>126</sup> Balaram, op. cit.

<sup>127</sup> <http://www.fastcompany.com/1747551/sharing-economy>

<sup>128</sup> Platforms covered include Airbnb, GoMore, TrendSales, Upwork, Laer Noget NYT, and Yelp.

<sup>129</sup> <http://deemly.co/faq/#worriedprivacy>

Some countries have developed public identity verification systems. For example, in the UK GOV.UK Verify gives citizens access to online government services, and may make it accessible to others, possibly including P2P platforms.<sup>130</sup> Since May 2015, Estonia offers a transnational digital identity ("e-Residency").<sup>131</sup> Applicants complete an online form, upload a photo and a copy of an ID document. Their identity is verified in a face-to-face meeting, during which fingerprints are collected. In France, public authorities accredited the third-party platform Wethic to verify the authenticity of user reviews. This system, described as a compromise between public enforcement and self-certification, could constitute a third approach to identity verification.<sup>132</sup>

While these initiatives are a first step to help peers control the use of their reputations and identity data,<sup>133</sup> they have limited outreach to date and it is unclear to what extent bigger platforms would have an incentive to participate in such schemes.<sup>134</sup> Scholars and consumer organisations<sup>135</sup> have advocated a legal right to data portability, i.e. the possibility for users to transfer their personal data to different online platforms.

To conclude, issues related to cross-platform portability of reputations and identity verification are complex, raise sensitive privacy and security issues, and involve multiple stakeholders, including public authorities. Current approaches to cross-platform portability are very diverse across (P2P) platforms and countries, and likely to be in many cases still under development. The development of these tools is nevertheless important as it may contribute to solving issues regarding peer review, ratings, reputations and information on peer identity.

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<sup>130</sup> <https://www.gov.uk/government/publications/introducing-govuk-verify/introducing-govuk-verify>

<sup>131</sup> <https://e-estonia.com/e-residents/about/>

<sup>132</sup> <https://www.wethic.fr/>

<sup>133</sup> Balaram, 2016.

<sup>134</sup> Smichowski, B., 2016, "Data as a common in the sharing economy: a general policy proposal", p.17. Retrieved: <https://hal.archives-ouvertes.fr/hal-01386644/document>

<sup>135</sup> Smichowski, op. cit., BEUC, op. cit.

## 8 Access to complaints, redress and insurance on P2P platforms

### 8.1 Peer experiences in addressing problems on P2P platforms

This section discusses how peers and platforms address the problems encountered on P2P platforms, whether the problems are resolved, by whom and how.

When confronted with problems, peer consumers and peer providers reacted differently: Almost half of peer consumers (46%) did not take any actions to resolve the problems. The main reason for not taking any action was that the amount of money involved was too small or that it would involve too much time and effort. When they did take actions, most complained to the other peer (30%) or gave a low ranking or wrote a bad review (20%), while 17.5% complained to the platform.

**Table 39: Consumer actions when problems occur**

|                       | Gave low ranking or bad review | Complained to other peer | Appealed to platform | Appealed to authority or consumer association/institution | Did not take action |
|-----------------------|--------------------------------|--------------------------|----------------------|---|---------------------|
| <b>Peer Consumers</b> | 20,4%                          | 29,8%                    | 17,5%                | 4,8%  | 46,4%               |
| <b>Peer Providers</b> | 22,8%                          | 35,6%                    | 34,1%                | 7,9%  | 28,5%               |

Source: Task 2 survey, Base: Peer consumers (N=4626) and peer providers (N=1187) who experienced at least one problem

Taking action increased their chances of achieving a satisfying solution: 45% to 60% of all peer consumers that took action saw all or most of their problems resolved. This is particularly likely when addressing this problem with the other peer (61%), but a considerable proportion of consumers also achieved solutions via the platform (45%) or by getting their payment back from the payment service provider (46%). However, a large proportion of peer consumers that tried to solve the problem through the platform or payment service provider achieved no problem solution (42% for both).

Problems on (Re)Sale platforms are relatively less likely to get resolved by the involved peers, the platform and the payment service providers than problems on collaborative platforms. Across the different sectors of collaborative sectors, problems are most likely to be solved on Sharing/Renting Goods and Odd Jobs platform.

**Table 40: Actions the platform has taken in response to the problem**

| Actions the platform has taken in response to the problem | (Re)Sale of goods | Collaborative sectors |
|---|-------------------|-----------------------|
| Acknowledged the problem                                  | 34,8%             | 32,9%                 |
| Investigated the problem                                  | 42,8%             | 35,7%                 |
| Gave a satisfactory explanation                           | 26,2%             | 36,4%                 |
| Gave an unsatisfactory explanation                        | 12,1%             | 20,9%                 |
| Gave a partial refund                                     | 7,2%              | <b>27,5%</b>          |
| Gave a full refund  | <b>35,2%</b>      | 20,9%                 |
| Gave a credit/note or voucher                             | 5,1%              | 12,0%                 |
| Gave compensation for damage/losses                       | 4,2%              | 10,5%                 |
| Has done nothing  | 12,3%             | 3,1%                  |
| Other   | 3,2%              | 0,4%                  |
| Don't know  | 2,3%              | 2,3%                  |

Source: Task 2 survey; Base: Peer consumers who took action after experiencing a problem by contacting the other platform (N=812)

In most cases the other peer or the platform solved the problem by offering a refund, or another form of financial or other compensation (53,2% from peers, 58% for platforms). Full refunds are more likely to be achieved from (re)sale of goods than from collaborative platforms. Problems were less likely to be resolved by the other peer on shared/rented accommodation platforms than on other platform sectors. Finally, two thirds of peer consumers are (very) satisfied with how the other peer or platform dealt with their complaint.

**Table 41: Satisfaction with how the other peer dealt with your complaint (Peer consumers)**

| Satisfaction with how the other peer dealt with your complaint | Very satisfied | Satisfied | Neutral | Not satisfied | Not at all satisfied |
|--|----------------|-----------|---------|---------------|----------------------|
| Peer consumers   | 15,2%          | 51,3%     | 24,3%   | 7,2%          | 2%                   |
| Satisfaction with how the platform dealt with your complaint   | Very satisfied | Satisfied | Neutral | Not satisfied | Not at all satisfied |
| Peer consumers   | 23,8%          | 46,6%     | 22,8%   | 5,4%          | 1,3%                 |
| Peer providers   | 15,3%          | 33,8%     | 28,9%   | 13,8%         | 8,1%                 |

*For satisfaction with the other peer: Base Peer consumers whose problems were addressed by the other peer (N=1270); For satisfaction with the platform: Base Peer consumers (N=596) and peer providers (N=405) whose problems were addressed by the platform*

Most peer providers who experienced a problem took action to solve their problem by complaining to the other peer (36%) or by appealing to the platform (34%). Only 29% of them did nothing, mostly because they believed that they were unlikely to get a satisfactory solution. Addressing the problem with the platform is positively related to achieving a satisfying outcome. Also, as opposed to what was found for peer consumers, leaving a negative review or rating actually helps peer providers to have the platform solve the problem. Finally, only half of the peer providers are satisfied with how the platform dealt with their complaint (49% satisfied), which is considerably less than for consumers (70%).

Focus group results gave indications that complaining to the platform depends to a large extent on the direct accessibility of the platform by phone or email. Respondents also found that solving a problem involves quite a lot of hassle and does not necessarily lead to a (satisfying) solution.

## 8.2 Platform practices regarding complaints, redress and insurance

Among the 485 P2P platforms screened within the scope of this research, 52% offer at least some level of complaints handling, and 24% of offer insurance (either as part of the transaction or as add-on) for their product/service to either peer consumer or peer provider.

### 8.2.1 Complaints and redress

Table 42 summarizes the complaints channels and redress policies found on the 10 case study platforms.

**Table 42 : Access to complaints and informal redress by the platform**

| Platform                | Complaints |       |      |       | Redress       |               |                     | Mediates disputes between peers |
|-------------------------|------------|-------|------|-------|---------------|---------------|---------------------|---------------------------------|
|                         | FAQ        | Email | Chat | Phone | Return policy | Refund policy | Cancellation policy |                                 |
| <b>Airbnb</b>           | X          | X     | X    | X     |               | X             | X                   |                                 |
| <b>BlaBlaCar</b>        | X          | X     | X    |       |               | X             | X                   |                                 |
| <b>easyCar Club</b>     | X          | X     | X    | X     |               | X             | X                   | X                               |
| <b>eBay</b>             | X          | X     | X    | X     | X             | X             | X                   |                                 |
| <b>Nimber</b>           | X          | X     | X    |       |               |               |                     |                                 |
| <b>Peerby/Peerby Go</b> | X          | X     |      | X     |               |               | X                   |                                 |
| <b>Uber Pop/Pool</b>    | X          | X     |      |       |               | X             | X                   | X                               |
| <b>Wallapop</b>         | X          | X     |      |       |               |               |                     |                                 |
| <b>Wimdu</b>            | X          | X     | X    | X     |               | X             | X                   |                                 |
| <b>Yoopies</b>          | X          | X     |      |       |               |               | X                   |                                 |

Source: VVA analysis of case study platforms

All ten platforms offer some form of channel for complaints, mainly via online means, ranging from a general email address (Nimber) to electronic complaint forms and instant online messaging systems. Five out of ten platforms can be reached by phone. All platforms also provide peers with a FAQ section where advice is given about what to do to solve problems. However, guidance in the FAQ on what to do in case something goes wrong with the delivery of the product or performance of the service is available only on five platforms (easyCar Club, Airbnb, eBay, BlaBlaCar and Wimdu).

Yoopies, Wallapop, Nimber and Peerby do not give any information about how complaints or refunds are managed. Several platforms manage “redress policies” and actively intervene to remedy problems with the transaction. But none of the platforms sets out clearly the responsibility they assume for handling complaints in case something goes wrong. In case of the most common problems with the transaction (poor quality of the good or service, or not as described) refunds are issued at the discretion of the platforms

Most platforms do not explain to peers how refunds are decided. Only three platforms explain their rules for refunds:

- Airbnb and Wimdu have refund policies that may entitle peer consumers to refunds in case they do not have access to the property, if the property booked is not as described or – in the case of Airbnb - not clean or safe.
- eBay has clear rules on refunds, replacements and exchanges for sales by private peer providers if the item has been paid with PayPal, debit or credit card, this includes a money back guarantee in case items sold by private peer providers are not received or not as described.

Rules for refunds in case of cancellations and cancellation fees are set by the platform in function of the time period before the agreed delivery of the good or service:

- Airbnb and Wimdu impose rules on peer providers for cancellations of bookings by peer consumers. These rules determine the right to a full or partial refund of the rental price, and the “cancellation fees” due to the platform, equivalent to the transaction fee. Peer providers can choose between a longer, medium length or shorter period before the date of the booking for giving full or partial refunds.
- Airbnb and Wimdu also set rules for cancellations by peer providers. Peer consumers are fully reimbursed, or have the possibility to book alternative accommodation.

- On easyCar Club both peers can withdraw without penalties up to 72 hours before the start of the rental period. In case of peer provider withdrawal, peer consumers are fully reimbursed. If a peer consumer or provider cancels the booking less than 72 hours before the rental period, the platform charges them a cancellation fee that varies depending on the timing of the cancellation.
- Uber gives peers the right of cancellation within 5 minutes after the driver has accepted the ride (if the provider cancels), or 5 minutes after the request has been sent by the peer consumer (if the peer consumer cancels). After this timeframe, the platform charges a cancellation fee – the amount is not specified.
- On BlaBlaCar, when a peer consumer cancels a ride, the platform charges a cancellation fee. For cancellations done more than 24h before departure the cancellation fee is equivalent to the transaction fee paid at the time of booking. For cancellations made less than 24h before departure, the platform refunds 50% of the price of the ride minus the transaction fee. The platform does not issue a refund if the cancellation occurs after departure or if the peer consumer does not show up. When a peer provider cancels a ride, the peer consumer is reimbursed fully, including the transaction fee.

To conclude, almost half (48%) of the 485 platforms screened have no complaints handling services. Case study platforms offer all at least electronic complaint channels and FAQ sections, but guidance on what to do in case something goes wrong with the delivery of the product or performance of the service between the peers is only available on five platforms (easyCar Club, Airbnb, eBay, BlaBlaCar and Wimdu). None of the platforms sets out clearly the responsibility they assume for handling complaints in case something goes wrong. In case of the most common problems with the transaction (poor quality of the good or service, or not as described) refunds are issued at the discretion of the platforms.

### 8.2.2 Access to insurance

Most of the platforms analysed (except Yoopies, Wallapop and Peerby) include insurance for damages covering peer providers in the transaction fee. Table 43 shows a summary of insurance covers available on 10 case study platforms.

**Table 43: Availability of insurance across 10 platforms**

| Platform                      | Insurance               |                | Notes   |
|-------------------------------|-------------------------|----------------|---|
|                               | Included in transaction | Add-on service |   |
| Airbnb                        | X                       |                | <ul style="list-style-type: none"> <li>• Insurance only covers peer providers</li> <li>• Host Guarantee: coverage against damages by guests</li> <li>• Host Protection Insurance: coverage against claims by guests or third parties for injuries or damage.</li> <li>• Available only in FR, DE, IE, IT, NL, PT, ES and the UK.</li> </ul> |
| BlaBlaCar (transaction model) | X                       |                | <ul style="list-style-type: none"> <li>• Insurance covers both peer providers and peer consumers</li> <li>• Breakdown cover &amp; onward travel</li> <li>• Personal accident cover</li> <li>• Legal protection</li> </ul>   |
| eBay                          |                         |                | n/a   |
| easyCar Club                  | X                       |                | <ul style="list-style-type: none"> <li>• Admiral motor insurance covers the peer provider's car for the time of the rental against: loss, damage, fire, theft, third party liability and breakdown</li> </ul>   |
| Nimber                        | X                       |                | <ul style="list-style-type: none"> <li>• The platform states to cover the parcel from damages, but no detailed information is provided.</li> </ul>  |
| Peerby Classic                | n/a                     | n/a            | n/a   |
| Peerby Go                     | X                       |                | <ul style="list-style-type: none"> <li>• Insurance or "Warranty" included in the transaction fee covers the repair or replacement of the good rented item in case of damages.</li> </ul>  |

| Platform             | Insurance               |                | Notes   |
|----------------------|-------------------------|----------------|---|
|                      | Included in transaction | Add-on service |   |
| <b>Uber Pop/Pool</b> | X(UberPop)              |                | <ul style="list-style-type: none"> <li>Liability insurance for UberPop peer providers covering property damage and bodily injury to peer consumers and third parties</li> </ul>   |
| <b>Wallapop</b>      | n/a                     | n/a            | n/a   |
| <b>Wimdu</b>         | X                       | X              | <ul style="list-style-type: none"> <li>Insurance coverage for peer providers against damage caused by peer consumers</li> <li>Add-on optional travel insurance for peer consumers in Germany and Spain against payment<sup>136</sup></li> </ul> |
| <b>Yoopies</b>       | n/a                     | n/a            | n/a   |

Source: VVA analysis of case studies

The scope of insurance coverage varies between platforms and sectors.

- BlaBlaCar offers extensive insurance protecting both peer provider and peer consumers.
- There is a lack of detail on the insurance cover included in the price on Airbnb, Uber, easyCar Club, and Wimdu.
- There is no information regarding the scope of the cover and how validity of claims is assessed.
- On Nimber there is a general lack of information and detail on the included insurance cover
- Wallapop (resale), eBay (resale) and Yoopies (odd jobs) do not offer any insurance to either the peer provider or peer consumer.

To conclude, about one quarter of 485 platforms screened offer some form of insurance, either as part of the transaction fee or as an add-on service to either peer consumer or peer provider. Case study platforms in the accommodation sector and ride sharing/hiring sector and sharing/renting of goods sector offer insurance coverage mainly to peer providers against damages to the rented property, car or goods. The main issue with insurance cover provided by the P2P platforms analysed for this study is the lack of information on what is covered and how the validity of claims is assessed

<sup>136</sup> No further information is provided on the website and no interview could be conducted with the platform.

## 9 Regulatory elements in P2P platform practice

This Section analyses the EU consumer *acquis* and Member States' legislation applicable to C2C transactions and online platforms facilitating P2P transactions. A focal point of this analysis is the identification of the key national-level indicators used to distinguish between individuals acting in a private capacity and individuals acting in a commercial/professional capacity. Furthermore, the Legal Analysis investigates the extent to which the EU consumer *acquis* and other relevant EU legislation might apply to C2C transactions and online platforms facilitating these transactions. It also identifies the main enforcement issues of the applicable legal frameworks, the problems experienced by national authorities, and relevant legal and policy initiatives adopted, or being discussed, by Member States or at EU level.

The transactions covered by the Legal Analysis, are those concluded by peers<sup>137</sup> and facilitated by online platforms that charge a certain type of fee, as part of the price or as any other compensation to the platform in the sectors under study.

### 9.1 The nature of the transaction

Distinguishing between traders and consumers, between those acting in a commercial/professional capacity and individuals acting in a private capacity is essential to determine whether consumer law and marketing law applies.

#### 9.1.1 EU legal framework

EU legislation does not expressly clarify the distinction between B2C and C2C transactions.<sup>138</sup> The European Commission's Communication of 2 June 2016,<sup>139</sup> however, identified three main elements to help assess, on a case-by-case basis, whether an individual is acting as a private individual or as a business. These criteria are the frequency of the services, the profit-seeking motive and the level of turnover.

A paper by the Organisation for Economic Cooperation and Development (OECD) suggests additional factors that could be taken into account in order to distinguish between B2C and C2C transactions: the level of organisation and planning of the activity; the value of the transaction; the duration of the activity and the impression to the outside world.<sup>140</sup>

#### 9.1.2 National regulatory approach

Member States provide statutory definitions of 'consumer' (or 'non-professional') and 'trader' (or 'professional', 'business', 'entrepreneur') in different areas of law. The definitions found in national consumer law reflect those provided by the EU consumer *acquis*. In addition, national Commercial Codes also typically set out the notions of 'trader' and 'acts of trade'. Although the terminology used by different national legal instruments is not always completely uniform, definitions of 'trader' and 'consumer' are substantively equivalent.

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<sup>137</sup> 'Peers' means both peer suppliers/providers and peer consumers. The term 'peers' generally covers individuals acting in a private capacity.

<sup>138</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 'A European agenda for the collaborative economy', 2.6.2016, COM (2016) 356 final, p. 5.

<sup>139</sup> *Ibid.*

<sup>140</sup> Organisation for Economic Cooperation and Development (OECD), 'Protecting consumers in peer platforms market: exploring the issue', Draft Background Paper for Panel 3.1 of the 2016 Ministerial on the Digital Economy, 29 March 2016, DSTI/CP(2015)4/REV1, p. 18.

### ***Indicators set by national instruments***

National regulatory approaches to indicators of what constitutes a trader or relevant circumstances for determining this, in the field of consumer rights and in other areas of law, differ from one Member State to another, and from sector to sector. Although Member States' approaches are different and fragmented, the 'continuity' and the 'professional nature' of the activity are the two main elements on basis of which Member States assess, on a case-by-case basis, whether an individual is acting in a private capacity or as a trader (see Section 3.1.2 of Task 5 Report). Another indicator taken into account by all Member States is the economic purpose of the activity. The 'continuity' and the 'professional nature' are assessed against indicators that in most Member States are defined in non-legislative instruments (policy documents, case law) or enforcement practice, and in some Member States in national legislation.

In most Member States the 'continuity' of the activity is assessed based on the number, amount and frequency of the transactions carried out. 'Professional capacity' is usually assessed against the profit-seeking motive or the turnover generated by the activity.

### ***Tax thresholds and sector-specific thresholds***

Some Member States have developed sector-specific thresholds distinguishing professional activities from non-professional activities that determine whether sector specific legislation applies. Some other Member States have set tax thresholds to distinguish businesses from private individuals for tax purposes.

Tax thresholds are, for example, set by national legal instruments in Latvia, France, and, potentially, in Belgium, and in the Netherlands and Sweden by policy rules. For example, in France – since 2016, the status of 'micro-entrepreneur' can be granted to sole traders who do not exceed certain turnover thresholds.

Sector specific thresholds are mostly found in the accommodation sector. Cities and regions in several Member States (Spain, Italy, the Netherlands and the United Kingdom) apply temporal thresholds for distinguishing touristic accommodation service activities carried out by businesses from those conducted by private individuals on an occasional basis. In Italy, while some Regions refer to the notions of activity carried out 'occasionally' or 'continuously' (Regional Law 27/2015 of Lombardia, and Regional Law 42/2000 of Tuscany), other Regions have introduced specific temporal thresholds for each category of non-hotel accommodation (Regional Regulation 8/2015 of Lazio).

Such tax and sector specific thresholds, however, are set for specific purposes. They are not necessarily relevant for distinguishing consumers from traders in consumer law and do not necessarily make consumer law applicable.

## **9.2 Overview of the national legislation applicable in the context of online peer-to-peer platforms**

This Section summarises the national legislation applicable to transactions between peers acting in an individual capacity (C2C transactions) and the rules that apply to online platforms facilitating P2P transactions.

### **9.2.1 Legislation applicable to C2C transactions**

EU consumer law Directives and national consumer legislation generally do not apply to C2C transactions, but exclusively to B2C transactions. Both the EU and the national legal frameworks applicable to B2C transactions were designed to protect consumers in their relationship with traders.

In most Member States, the main provisions applicable to C2C transactions falling within the scope of this study consist in national Civil Code rules.<sup>141</sup>

### ***Horizontal legislation***

The horizontal legislation that applies to C2C transactions involving sale and (re)sale activities, lease agreements and non-professional services usually includes: general civil law provisions on contract formation, performance and remedies for breach, as well as specific provisions on the contracts of sale and lease, and on the letting of work and industry (see Section 3.2.1 of Task 5 Report).

The horizontal civil law provisions vary from one Member State to another and do not provide the same degree of protection as afforded to consumers in B2C transactions. But they include general requirements that are relevant to C2C transactions and that could have a similar effect. For example, good faith clauses presume that the parties to a contract will act honestly and will faithfully perform their obligations. And it may be argued that certain information requirements within national civil law provisions are relevant to sale and (re)sale of goods, and may protect, for example, against hidden defects. Similar requirements exist in relation to contracts for the letting of things or works. These could be relevant in the context of the renting of movable or immovable property or the provision of non-professional services. In most Member States with a Civil Code regulating these contracts, for example, the lessor is liable for defects or faults of the thing let and must warrant it against defects that prevent or diminish its use.

This level of protection can be arguably considered sufficient as C2C transactions involve parties who are on an equal footing. When a C2C contract is concluded online via a platform, however, usually the parties do not physically meet or the good is not physically present, and terms and conditions of the contract may have been predetermined by one of the parties or the platform. The Legal Analysis, therefore, found that Member States' civil provisions are generally not tailored to C2C transactions concluded online via platforms, because national civil codes generally date from before the digital age<sup>142</sup>

A notable exception was found in France where a recent amendment of Civil Code (Ordinance No. 2016-131) extends some of the key rights protecting consumers in B2C transactions to C2C transactions. In particular, it makes rules on unfair contract terms applicable to C2C transactions if the contract is an 'adhesion contract', i.e. if one party imposed its content on the other party.

### ***Sector-specific legislation***

In some Member States, specific laws regulating the transport and accommodation sectors establish licensing requirements that indiscriminately apply to both B2C and C2C transactions and can include quality and/or safety rules that protect parties to C2C transactions. This is, for example, the case in Germany where, according to Section 2 of the Passenger Transportation Act every carrier offering transportation for remuneration to a passenger requires a permit. Similarly, the Malta Travel and Tourism Services Act<sup>143</sup> prohibits any person from running or operating a tourist accommodation service activity without a licence.

In other Member States, sector-specific legislation exclusively covers B2C transactions and, in some cases, establishes thresholds that may help distinguish between

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<sup>141</sup> In a few rare cases sector-specific legislation for transport and accommodation services also applies to C2C transactions.

<sup>142</sup> See the case-law of the Court of Justice of the European Union – CJEU, reported under Section 11.2).

<sup>143</sup> Chapter 409 of the Laws of Malta, Act XII of 1999 as last amended by Act XXIII of 2009.

professional and non-professional services. Furthermore, some EU cities, such as Amsterdam, Berlin and Madrid, have adopted special regulations applicable to C2C transactions facilitated by platforms such as Airbnb and Uber. Finally, in some Member States local or regional regulations apply to touristic accommodation and transport services, that are relevant to C2C transactions (see Section 3.3.2 of Task 5 Report).

## 9.2.2 Legislation applicable to online platforms facilitating P2P transactions

The national provisions transposing the requirements of EU consumer law Directives such as the Unfair Commercial Practices Directive (UCPD),<sup>144</sup> the Unfair Contract Terms Directive (UCTD)<sup>145</sup> and the Consumer Rights Directive (CRD)<sup>146</sup> are relevant and apply whenever a platform qualifies as a 'trader' and engages in B2C commercial activities. Such platforms must always comply with national rules transposing EU consumer and marketing law in so far as its own commercial practices are concerned. In such situations, under the UCPD, the platform is required to act with a degree of **professional diligence**, commensurate to its specific field of activity and not to mislead its users/consumers by either action or omission.<sup>147</sup>

Other national rules applicable to online platforms facilitating P2P transactions are the provisions transposing the Electronic Commerce Directive (ECD)<sup>148</sup> into national law. Although the ECD does not regulate platforms comprehensively, certain provisions are particularly relevant: Article 5 (general information requirements for service providers); Article 6 (information to be provided in commercial communications); and Articles 14 and 15 (laying down, respectively, the liability exemption and the prohibition to impose on service providers monitoring obligations with regards to information stored or transmitted). These national provisions apply to the relationship between the peer user and the platform; certain requirements may be also relevant to the relationship between the peers.

Apart from the legislation transposing these EU Directives into national law, most Member States have no specific legislation applicable to online platforms facilitating P2P transactions. So far, only in Italy and France specific legislation has been proposed. (see Section 3.3.1 of Task 5 Report).

In Italy the proposed so-called 'Sharing Economy Act'.<sup>149</sup> aims regulate sharing economy digital platforms by guaranteeing the transparency of their activities, fair competition and consumer protection, as well as boosting fiscal equality, the sharing economy market and the use of innovation technologies.<sup>150</sup> To enhance transparency and accountability of P2P platforms it charges the Italian Antitrust Authority with approving and monitoring platforms policies and terms and conditions. In France, the Law for a Digital Republic imposes new obligations and transparency requirements on operators of online platforms whose activity exceeds a certain number of connections to be defined by decree (Article 23(I)). In particular, Article 23 *quarter A, c*, II imposes on accommodation platforms the obligation to check: i. whether the (furnished) apartment that the peer supplier wants to rent out through the platform complies with the registration requirements of the French

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<sup>144</sup> Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market OJ L 149, 11 June 2005, pp. 22–39.

<sup>145</sup> Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, OJ L 95, 21 April 1993, pp. 29–34.

<sup>146</sup> Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, OJ L 165, 18 June 2013, pp. 63–79.

<sup>147</sup> UCPD Guidance, 25.5.2016, COM (2016) 320, *supra*, p. 123.

<sup>148</sup> Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market.

<sup>149</sup> Legislative Proposal 3564/2016 'Discipline of digital platforms for sharing goods and services and provisions to boost the sharing economy' (*Disciplina delle piattaforme digitali per la condivisione di beni e servizi e disposizioni per la promozione dell'economia della condivisione*), 27 January 2016, available at [http://www.makingspeechestalk.com/ch/comment\\_sea/?id\\_speech=45](http://www.makingspeechestalk.com/ch/comment_sea/?id_speech=45).

<sup>150</sup> Article 1(2), Legislative Proposal 3564/2016.

Tourism Code; ii. that the apartment is not rented out for more than 120 days per year (where the property is the main residence of the lessor).

### 9.2.3 Specific issues in platform-peer transactions as identified in the national context

The specific issues identified in the national context with regards to the relationship between platforms and their users concern information requirements, requirements relating to user reviews, the responsibility of the platform and its obligations towards the peers, as well as possible redress mechanisms (see Section 3.3.2 of Task 5 Report).

- *Information requirements:*

One of the main issues concerning the relationship between platforms and their users relates to the lack of transparency in online P2P platforms' rules and practices. According to the national level analysis, most platforms qualifying as 'traders' and engaging in B2C commercial activities do not comply with some pre-contractual information requirements arising from the professional diligence duty set out by Article 5(2) of the UCPD. The European Commission's Guidance on the Implementation/Application of the UCPD (UCPD Guidance),<sup>151</sup> clarifies that in order to comply with such duty, platforms should adopt appropriate measures aimed at clarifying to their users with whom they are concluding contracts on the platform. Consequently, where platforms qualifying as 'traders' in the meaning of Article 2(b) of the UCPD do not enable their users to clearly indicate that they act in a professional/commercial capacity or do not clarify that consumer protection law exclusively applies when the transaction is concluded with a trader, this could represent a breach of a due pre-contractual information requirement.

Such duty does not entail a general monitoring obligation of all platforms towards their users as this could be contrary to Article 15 of the ECD (see below), but the adoption of a series of appropriate measures aimed at clarifying to their users with whom they are concluding contracts on the platform itself.

- *Requirements relating to user reviews:*

In most Member States, the legislation applicable to online platforms facilitating P2P transactions does not impose express obligations for the platform to take action against fake or misleading user reviews and/or to not omit negative reviews.<sup>152</sup> However, national rules transposing Article 14(1)(a) and (b) of the ECD would apply and, consequently, the information service provider will be held responsible if, knowing of the unlawfulness of the user review, did not take the necessary steps to delete or block access to this review.

Furthermore, if the online platform provides information society services to consumers, the relationship between the platform and its users will be generally qualified as B2C. Consequently, the national legislation transposing Articles 5, 6 and 7 of the UCPD will apply. Based on these provisions, the platform should not mislead its users as to the origin of the reviews or, in case of a sales contract, to the nature, attributes or rights of the entrepreneur/seller. The Legal Analysis also found that most platforms set minimal identification requirements for registration and access (e.g. name and email address), and usually do not adopt adequate measures to verify users' identity. In line with the professional diligence duty included in Article 5(2) of the UCPD and the transparency requirements set out by Articles 6(1)(b) and 7(4)(a) of the UCPD, as interpreted in the UCPD Guidance, platforms' liability should also extend to adequately ensuring their users' identity. According to the UCPD Guidance, platforms should adopt any necessary

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<sup>151</sup> Commission Staff Working Document Guidance on the Implementation/Application of Directive 2005/29/EC on Unfair Commercial Practices, accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'A comprehensive approach to stimulating cross-border e-Commerce for Europe's citizens and businesses', UCPD Guidance, 25.5.2016, COM (2016) 320, p. 123.

<sup>152</sup> E.g. Belgium, Bulgaria, Cyprus, Germany, Greece, Italy, Lithuania, Luxembourg, Poland, Portugal, Sweden.

'technical means to verify the reliability of the person posting a review, for instance by requesting him/her to register'.<sup>153</sup>

In addition, many platforms establish the requirements for user reviews and the conditions under which users might be banned. Regarding the liability of platforms for the possible unlawful nature of published user reviews, as explained below, in certain circumstances, platforms may be responsible for the information they store, including user reviews. Furthermore, because of the general good faith principle, platforms should refrain from publishing fake or misleading user reviews. Indeed, this clause may be interpreted as an obligation for platforms to take adequate measures to protect their users from any fake or misleading reviews posted on the platform, as long as the platform is aware of their existence.<sup>154</sup>

- *Shared responsibility for non-performance:*

In most Member States, the legislation applicable to online platforms facilitating P2P transactions does not set up a specific obligation for the platform to share responsibility with the user in case of non-performance or non-conformity of the performance. The national level analysis shows that most platforms explicitly exclude in their Terms and Conditions any liability relating to the contracts concluded by peers, and they often specify that the platform is not part of these transactions.

However, depending on the extent to which a platform 'intervenes' in the transactions concluded by its users, the latter may expect that the platform shares responsibility with the peers in case of non-performance or non-compliance of the performance. For example, where the platform actively manages P2P transactions (e.g. facilitating trust among peers by using or suggesting ID verification systems, managing user reviews, mediating disputes) or governs them (e.g. setting out pricing or user insurance as part of the transaction), it is more likely that its users have the impression that the platform will also share a certain degree of liability. However, in most Member States, the applicable legal framework does not set up such obligation and only general civil law rules on contractual and non-contractual liability (tort)<sup>155</sup> can apply.

- *Obligation to remove suppliers who violate consumer rights:*

In most Member States, the legislation applicable to online platforms facilitating P2P transactions neither explicitly sets up an obligation for the platform to remove suppliers who violate consumer rights, nor to monitor their users. According to Article 15 of the ECD, online platforms are not obliged to monitor the information they store, transmit or make available when providing information society services, nor are they obliged to seek facts and circumstances indicating conduct of illegal activity. The national legislation transposing Article 14 of the ECD may also be relevant as the platform would not be able to rely on the liability exemption if it has obtained knowledge or has been informed of the unlawful character of the information or has been informed by a competent state authority of the unlawful character of the activities of the recipient and did not undertake immediate actions to remove or to disable access to that information.

Finally, it is worth noting that both the national analysis and the case studies found some platforms' in their Terms and Conditions, reserve the right to ban or exclude user profiles in the event, for example, of bad behaviour, non-fulfilment of obligations, etc.

- *Redress mechanisms:*

The platform will be contractually liable towards the users according to the terms of the contract concluded between the platform itself and the peer supplier or peer consumer, as well as on the basis of the mandatory and default rules of contract law (including, for

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<sup>153</sup> UCPD Guidance, 25.5.2016, COM (2016) 320, *supra*, p. 137.

<sup>154</sup> UCPD Guidance, 25.5.2016, COM (2016) 320, *supra*, p. 54.

<sup>155</sup> The basic principle is that everyone is liable for any damage that occurs through their fault.

example, the obligation of the parties to act in good faith). Where the platform qualifies as a 'trader', the redress mechanisms provided in consumer law will be available to all peers in case of disputes regarding, for example, defaults in the platform's services.

It can be concluded that, in most Member States, the applicable legal remedies for dispute resolution are those provided in the rules of general civil law. These include the liability for damages resulting from both contractual and extra-contractual claims (tort law).

With regards to possible disputes between peers, the one of the main issues could be the that bringing the case to the civil courts is generally the only mechanism available to obtain redress in case of disputes. The Legal Analysis found that, however, such civil claims are very limited. The costs and length of civil proceedings, indeed, could prevent parties to low-value C2C contracts from resorting to judicial action (see Section 8.3.1). Furthermore, as highlighted in Section 11.3, when a C2C dispute up to EUR 2,000 has a cross-border nature, the European Small Claims Procedure could be invoked. The availability of a specific small claims procedure for national level disputes, depends on the Member State (see Section 5.1 of the Task 5 Report).

### 9.3 Practical application and current enforcement challenges

This Section examines the enforcement of the existing national legal frameworks relevant to C2C transactions and online platforms facilitating P2P transactions and related issues and challenges encountered by national authorities.

#### 9.3.1 Challenges to enforcement of the national horizontal legislation applicable to C2C transactions

The national-level analysis shows that the horizontal legislation applicable to C2C transactions may be scarcely or not enforced for various reasons (see also Section 5.1 of Task 5 Report).

- *Lack of competence of national consumer protection authorities:* Several Member States<sup>156</sup> underlined that national consumer protection authorities generally have limited or no competence at all over C2C transactions and can only enforce B2C legislation.
- *Issues related to dispute resolution systems:* In most cases, the only available mechanism to enforce the applicable C2C legislation and offer redress to peer consumers or peer providers in case of dispute, consists in bringing the case in front of civil courts. The lack of reported claims brought by parties to C2C/P2P transactions may be attributed to a low level of awareness of the general public about the available remedies, as well as to the high costs and length of civil proceedings compared to the average low value of C2C transactions concluded online. Another factor which may prevent people from bringing disputes concerning online C2C transactions to courts may be the difficulty in obtaining the

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<sup>156</sup> E.g. Austria (information collected through consultation with the Vienna Chamber of Labour on 23 May 2016, and the Austrian Chamber of Commerce on 24 May 2016);, Bulgaria (information collected through consultation with the Commission on Consumer Protection on 8 April 2016, and the Bulgarian National Association 'Active Consumers' on 10 May 2016); Greece (information collected through consultation with the Consumer Ombudsman on 12 May 2016, and the Consumers' Association 'The Quality of Life' on 13 May 2016);, Latvia (information collected through consultation with national stakeholder: Consumer Rights Protection Centre, 6 April 2016), Luxembourg (information collected through consultation with the Luxembourgish Union for Consumers on 28 April 2016, and the European Consumer Centre on 2 May 2016); Malta (website of the Consumers' Association, <http://www.camalta.org.mt/site/home.php>); the Netherlands (information collected through consultation with the Netherlands Authority for Consumers and Markets on March 2016); Romania (website of the Association for Consumer Protection, <http://www.apc-romania.ro>, and website of the Romanian Ombudsman, <http://www.avp.ro>); Slovakia (information collected through consultation with the Ministry of Finance consulted on 6 April 2016, and website of the Slovak Consumers Association, <http://pravasportrebite.sk>); Sweden (websites of the Swedish Consumer Agency, <http://www.konsumentverket.se/>, and website of the National Board of Consumer Complaints, <http://www.arn.se/>).

counterparty's personal data from the platform. This is mainly due to the fact that most platforms set privacy standards under their general Terms and Conditions.<sup>157</sup> Finally, the generally low confidence in the effectiveness of traditional dispute resolution tools (i.e. various forms of civil litigation) seem to act as another deterrent for enforcement of rights derived from the general civil legislation.<sup>158</sup>

- In cross-border transactions litigation costs, translation duties and communication problems in cross-border disputes make it almost impossible for consumers to get effective legal remedies against foreign service providers/sellers.<sup>159</sup> .
- A further challenge regarding cross-border transactions may be the differing contract law regimes existing in the different jurisdictions involved in these transactions. National contract law principles differ from State to State as might expectations as to self-regulatory standards.<sup>160</sup>

### 9.3.2 Challenges to enforcement of the national sector-specific legislation applicable to C2C transactions

The analysis carried out at national level identified a series of issues enforcing sector specific legislation (see also Section 5.2. of the Task 5 Report)

The challenges regarding the enforcement of sector-specific legislation applicable to C2C transactions are outside the *competence of national consumer protection authorities*. and generally relate to market access and licensing issues which are outside the scope of consumer policy. Where licensing requirements also apply to C2C transactions, they are not necessarily enforced with respect to private individuals providing transport or accommodation services on a non-professional basis by the sector-specific authorities.

The main difficulties in enforcing sector specific legislation - *and notably provisions distinguishing between traders and private peer providers* - *relate to the lack of transparency of platforms' rules and practices*. For example, where platforms are not obliged to be equipped with the necessary technical tools to improve the information they provide to their users, the enforceability of any law aimed at clarifying the distinction between B2C and C2C transactions appears difficult. The independent website *Inside Airbnb*<sup>161</sup> highlighted that around half of the Amsterdam flats are rented out through Airbnb exceed the limit of 60 days per year set out by the Amsterdam rules on private

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<sup>157</sup> E.g. national platforms: UK (Storemates - <https://storemates.co.uk/terms-conditions>, Liftshare - <https://liftshare.com/uk/other/terms>, HiyaCar - <https://hiyacar.co.uk/terms-and-conditions>), the Netherlands (Jipio - <http://www.jipio.nl/tos>, ReWear - <https://www.rewear.co/terms-and-conditions>, Marktplaats - <http://www.marktplaats.nl/i/help/over-marktplaats/voorraarden-en-privacybeleid/algemene-gebruiksvoorraarden.dot.html>), Malta (Second hand - <http://secondhand.com.mt/privacy-policy/>), Czech Republic (Aukro - [http://aukro.cz/country\\_pages/56/0/user\\_agreement.php](http://aukro.cz/country_pages/56/0/user_agreement.php), Půjčovna.cz - <http://www.pujcovna.cz/obchodni-podminky>, Sbazar.cz - [https://napoveda.seznam.cz/soubory/Sbazar/Smluvni\\_podminky\\_Sbazar.cz.pdf](https://napoveda.seznam.cz/soubory/Sbazar/Smluvni_podminky_Sbazar.cz.pdf)), Hungary (Vatera - <https://img-ssl.vatera.hu/license/main.html?1012>, Oszkár Telekocsi - <http://www.oszkar.com/login/hazirend.php>, Bébiszitter - <http://bebiszitter.info/aszf.php>); EU platforms (Airbnb - <https://www.airbnb.com/terms>, Wimdu - <http://www.wimdu.co.uk/terms>, BlaBlaCar - <https://www.blablacar.co.uk/terms-and-conditions>, Uber - <https://www.uber.com/legal/terms/us/>, Easycar - <https://carclub.easycar.com/>, Wallapop - <https://uk.wallapop.com/rules>, eBay - <http://pages.ebay.com/help/policies/user-agreement.html>, Peerby - <https://www.peerby.com/privacy>, Yoopies - <https://yoopies.fr/cgv/>, Nimer - <https://www.nimer.com/terms>).

<sup>158</sup> Conclusions provided by the Hungarian and Czech legal experts. Bulgaria (information collected through consultation with the Commission on Consumer Protection on 5 April 2016); Finland (information collected through consultation with the Consumer Union on 18 May 2016).

<sup>159</sup> Information collected through consultation with the Hungarian Association of Consumer Protectors on 14 April 2016.

<sup>160</sup> E.g. Spain (information collected through consultation with national stakeholders: Catalonian Competition Authority, 26 May 2016; Ouishare, 2 June 2016; Consumers' and Users' Organisation, 2 June 2016; Representative of the Government, 13 June 2016; Catalonian Government, General Directorate for Telecommunications and Information Society, 15 June 2016).

<sup>161</sup> Inside Airbnb website available at

<http://insideairbnb.com/amsterdam/index.html?neighbourhood=&filterEntireHomes=false&filterHighlyAvailable=false&filterRecentReviews=false&filterMultiListings=false>.

holiday rentals.<sup>162</sup> Furthermore, by checking the calendars set by peer suppliers operating in Amsterdam for their listing, *Inside Airbnb* found that the 51,6 % of entire homes and apartments rented out through the platform result highly available during the whole year, and 24,6 % of peer suppliers have multiple listings.<sup>163</sup> This highlights the difficulty in using sector-specific thresholds to distinguish between professional and non-professional activities without the voluntary cooperation of online P2P platforms, or without rules specifically imposing transparency requirements on these platforms.

Enforcement issues might also arise from the fact that most online P2P platforms do not enable their users to clearly state whether they are acting as traders.

Information collected through the Country Reports also shows that online platforms usually do not set out strict verification systems of users' identity. Consequently, enforcement issues could arise from the way the platforms' users behave. For example, some users might provide false information or create fake accounts, a practice that makes their detection by authorities extremely difficult. The Greek Consumer Ombudsman<sup>164</sup> emphasised the great difficulties of investigation, intersection, identification and banning of those users that violate the platform's general Terms and Conditions.

Finally, platforms tend to argue that they do not qualify under the definitions of national sector-specific provisions applying to the accommodation and transport service providers and, thus, do not need to fulfil the requirements laid out therein, mostly regarding licensing and taxes.<sup>165</sup> Enforcement of sector specific legislation to P2P platforms will therefore in many cases depend on court decisions determining if platforms fall within the definitions set out by sector-specific legislation and, thus, should comply with their corresponding legal requirements.

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<sup>162</sup> 'May I let my home or home boat when I am on holidays?' (*Mag ik mijn woning of woonboot verhuren als ik op vakantie ben?*), website of the Municipality of Amsterdam, available at <https://www.amsterdam.nl/veelgevraagd/?caseid=%7B9B2C2273-F797-460B-AD20-05DFB9F6F39F%7D>.

<sup>163</sup> *Ibid.*

<sup>164</sup> Information collected through consultation of the Greek Consumer Ombudsman on 12 May 2016.

<sup>165</sup> E.g.: multi-country platforms (Wimdu, Wallapop, Airbnb, Uber); national platforms: Denmark (GoMore), Estonia (Taxify), Italy (Homeaway), Malta (Second Hand), Portugal (Oxi), Spain (Socialcar).

## 10 Potential future market developments in online P2P platform markets

The survey results in this study have shown that more than three quarters of P2P users are satisfied or very satisfied with P2P platforms and another 17,3% of the respondents have not used any of the platforms but are likely to use them in the future. It is therefore likely that use of P2P platform services will further increase in the future. In particular, in the collaborative sectors there is significant potential for growth. Such growth can only be accommodated by wider societal penetration, which depends on whether consumer groups which currently do not participate in certain online P2P markets will decide that such platforms are reliable, safe and offer good value for money. This means platforms may want to review their self-regulatory practices. It also, in turn, indicates the importance for regulators to understand the way in which P2P markets work, the risks and rewards that they offer peer consumers and providers and platforms, and how online P2P platform business models relate to the current regulatory framework in the field of consumer and marketing law.

Already, the increased attention and involvement of policy-makers is leading to regulatory developments at Member State level. As Section 8 has shown, several countries have already engaged in efforts to regulate the sharing or collaborative economy and/or P2P markets, including initiatives in France<sup>166</sup>, Italy<sup>167</sup>, Belgium<sup>168</sup>, Germany<sup>169</sup>, Croatia<sup>170</sup>, the UK<sup>171</sup> or Spain<sup>172</sup>. Furthermore, aside from the present study which focuses on consumer policy issues, several EU level initiatives and studies are underway to analyse the phenomenon of P2P markets and online platforms in greater detail and to devise appropriate policy responses.

As part of this study, the two workshop discussions, together with subsequent stakeholder inputs, provided useful indications of potential future developments that may inform future regulatory interventions regarding consumer and other policy issues at EU and national levels.

First of all, in the future, P2P platforms could have easier access to data for checking user ID information or service demand. The UK (ranked<sup>173</sup> number 1 in 2013 on the open data barometer) is a good example of public data transparency. The UK's Open Data Roadmap,<sup>174</sup> launched in December 2014, aims to make data transparent, from both the public and private sector alike. In March 2015, 2,000 datasets were released<sup>175</sup> by the government on data.gov.uk, on topics ranging from environment to public spending.<sup>176</sup> As outlined in section 7, the UK Government Digital Service also intends to open-up the public identity verification scheme to private stakeholders, including P2P platforms.<sup>177</sup>

While open data is meant to encourage innovation, novel uses of information and increased transparency for consumers, some researchers also point out potential

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<sup>166</sup> The Digital Republic bill in France, available at: <https://www.senat.fr/leg/pjl15-744.html>

<sup>167</sup> A draft bill for regulating the sharing economy in Italy is available at:

<http://www.camera.it/leg17/126?tab=2&leg=17&idDocumento=3564&sede=&tipo=>

<sup>168</sup> A Belgian law from July 1st discusses the taxation of sharing economy revenues. The text is available at:

[http://www.ejustice.just.fgov.be/mopdf/2016/07/04\\_2.pdf#Page2](http://www.ejustice.just.fgov.be/mopdf/2016/07/04_2.pdf#Page2)

<sup>169</sup> The German Ministry for Economic Affairs and Energy launched a consultation on digital platforms. The text is available at: <http://www.bmwi.de/English/Redaktion/Pdf/green-paper-digital-platforms,property=pdf,bereich=bmwi2012,sprache=en,rwb=true.pdf>

<sup>170</sup> A sharing economy working group was organised by the Ministry of the Economy in Croatia.

<sup>171</sup> <https://techvibes.com/2016/12/05/how-regulations-are-turning-the-sharing-economy-into-the-regular-economy>

<sup>172</sup> The Catalan government recently created an inter-service working group on the sharing economy.

<sup>173</sup> <http://www.opendataresearch.org/dl/odb2013/Open-Data-Barometer-2013-Global-Report.pdf>

<sup>174</sup> <http://theodi.org/news/the-odis-open-data-roadmap-for-the-uk-is-launched>

<sup>175</sup> <https://data.blog.gov.uk/2015/03/24/progress-on-the-national-information-infrastructure-project/>

<sup>176</sup> The newly-created National Information Infrastructure aims to improve the quality, interoperability (e.g. to be used for apps as well as desktop software) and spread of such data.

<sup>177</sup> <https://www.gov.uk/government/publications/introducing-govuk-verify/introducing-govuk-verify>

drawbacks. Indeed, knowledge-extraction algorithms and large-scale machine learning could lead to larger firms, less bottom-up innovation (i.e. innovation driven by small firms) and more job destruction through digitalisation.<sup>178</sup>

Second, during the first workshop, stakeholders suggested that larger platforms will be more likely to host both P2P and B2C exchanges ("hybridisation of platforms"). B2C firms are increasingly common on (Re)Sale platforms such as eBay or GumTree, but also on collaborative platforms such as AirBnB or Freelancer.com. Along these lines, large platforms may evolve to host an increased number of "P2B2P" transactions (i.e. P2P transactions with a third-party business intermediary making the link between the two peers and dealing directly with the platform).

Third, workshop participants suggested that large platforms which currently do not play a significant role in P2P markets are likely to enter this market (e.g. Google, Amazon, Facebook, etc.). For instance, Facebook has recently introduced options to facilitate P2P transactions on the platform through "buy and sell groups".<sup>179</sup> Google's Google Plus communities also allow P2P transactions through posting classifieds.<sup>180</sup> Both initiatives allow both peers and professionals to use their services. The entry of these very large companies into P2P markets is likely to considerably extend the reach of P2P transactions, cover additional sectors, and offer additional services beyond P2P transactions and introduce significant competition for user growth for incumbent platforms in these markets.

The main P2P players already prepare for these market changing conditions. For instance, Uber's new app combines peer to peer rides with trains or bus timetables to e.g. reduce layovers and provide a more comprehensive mobility service.<sup>181</sup> New lifestyle features allow peers to personalise the user experience, using tools such as calendars, weather and news information, and restaurant reviews.<sup>182</sup> It is likely that over time Uber will develop into a broader service which uses the significant amount of user data that it collects to offer a wide range of services going well beyond ride-sharing. Similar trends can be also observed on AirBnb with its recent shift towards one-stop-shop solution for all travel needs. It will be important to monitor the extent to which these platforms' data use and re-use policies reflect the development of their business models.

Fourth, the "uberisation" of the economy refers to the shift to platform-based models, where consumers and providers exchange services with a very low transaction cost.<sup>183</sup> In such environments, as this study and others have shown, a small group of platforms may be able to capture a disproportionate share of economic activity, and to acquire large datasets that facilitate their control over markets. This presents a future risk of a small group of platforms exercising significant influence over specific sectors. One potential risk would be that platforms might take advantage of their influence as intermediaries to impose restrictive rules or prices on peers.<sup>184;185;186</sup>

Given that an increasing number of peer providers are likely to become dependent on P2P platforms for their income, this might lead to less job security and limits on career advancement<sup>187</sup> (see also the current controversy over employment rights on Uber, Deliveroo and other platforms).<sup>188</sup> Since – according to the platforms - peer providers act

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<sup>178</sup> [http://brie.berkeley.edu/brie/publications/huberty\\_etla\\_big\\_data.pdf](http://brie.berkeley.edu/brie/publications/huberty_etla_big_data.pdf)

<sup>179</sup> <https://www.facebook.com/help/1557451221155310>

<sup>180</sup> <https://plus.google.com/communities/106516375376950044317>

<sup>181</sup> <http://venturebeat.com/2016/11/02/uber-is-rolling-out-a-big-redesign-powered-by-machine-learning/>

<sup>182</sup> <https://www.ft.com/content/e7113970-a06b-11e6-891e-abe238dee8e2>

<sup>183</sup> <http://www.brie.berkeley.edu/wp-content/uploads/2015/02/Kenney-Zysman-The-Rise-of-the-Platform-Economy-Spring-2016-ISTx.pdf>

<sup>184</sup> <http://www.spiegel.de/netzwelt/netzpolitik/sascha-lobo-sharing-economy-wie-bei-uber-ist-plattform-kapitalismus-a-989584.html>

<sup>185</sup> <https://medium.com/@trebors/platform-cooperativism-vs-the-sharing-economy-2ea737f1b5ad#.7uuhp8mpm>

<sup>186</sup> <http://www.spiegel.de/wirtschaft/soziales/uber-und-airbnb-ethik-der-share-economy-a-988612.html>

<sup>187</sup> [http://www.iftf.org/fileadmin/user\\_upload/downloads/wfi/IFTF\\_WFI\\_Voices\\_of\\_Workable\\_Futures\\_2016.pdf](http://www.iftf.org/fileadmin/user_upload/downloads/wfi/IFTF_WFI_Voices_of_Workable_Futures_2016.pdf)

<sup>188</sup> <http://www.brie.berkeley.edu/wp-content/uploads/2015/02/Innovative-Clusters-New-Work.pdf>

in their own capacity rather than through a company, it becomes more difficult for them to collectively protect their interests.<sup>189</sup>

It has also been argued that, in such an environment, start-ups will increasingly produce innovation to feed into existing platforms, rather than create standalone products, and that – as a result – digitalisation could replace the role of peer providers (e.g. driverless cars could replace Uber drivers) in some sectors. Policymakers will need to take these developments into account in striving for a balance between flexibility and social protection for peers<sup>190</sup>.

Finally, counterbalancing some of the above developments which favour the emergence of a small number of very powerful platforms, blockchain technology could become pervasive across P2P markets, eliminate the need for a platform intermediary<sup>191</sup> (the so-called “sharing economy 2.0”) and fundamentally disrupt current business models. Blockchain could allow individuals to interact and transact directly with each other, without relying on a platform’s matching algorithms. Combined with a crypto-currency, blockchain could enable peers to transact in tokens and monetise many activities that cannot be monetised at present. One version of blockchain-based P2P platform is Arcade.City<sup>192</sup>, a platform connecting drivers to customers in a decentralised way, and which uses Bitcoin as legal tender.

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<sup>189</sup> <http://www.irle.berkeley.edu/workingpapers/114-15.pdf>

<sup>190</sup> <http://www.brie.berkeley.edu/wp-content/uploads/2015/02/PlatformEconomy2DistributeJune21.pdf>

<sup>191</sup> <http://www.ibm.com/developerworks/library/iot-blockchain-sharing-economy/index.html>

<sup>192</sup> <https://arcade.city/>

## 11 Overview of key conclusions

### KEY FINDINGS AND CONCLUSIONS

#### A. Economic analysis of P2P markets

##### ***Economic significance of P2P transactions***

It is estimated that 191m citizens across the EU-28 have actively engaged in peer to peer markets between May 2015 and May 2016, concluding at least one transaction involving payment.

Total peer expenditure over this period in the EU across the five sectors considered in this study is estimated at EUR 27.9 billion per year; total peer revenues are estimated at EUR 17.29 billion. The difference of EUR 10.61 billion includes platform revenues and revenues of third parties providing services via platforms, e.g. payment services, background and ID checks, insurance services.

The difference between the estimated peer consumer expenditure and peer providers revenue is significantly lower in ride sharing/hiring than in the other P2P markets: in the sharing/hiring rides sector 81% of estimated expenditure reaches peer providers; in the (re)sale or renting/sharing of goods, accommodation sharing/renting and odd jobs sectors, only about 60 to 65% of total peer expenditure reaches peer providers. The reason for such differences could include e.g. delivery costs in the (re)sale and sharing of goods sector, tourist taxes or cleaning costs in the accommodation sector, or underreporting by peer providers.

Estimated peer spending is highest on (re)sale of goods platforms (EUR 17.8 billion), and amongst the collaborative platforms on sharing/renting accommodation platforms (EUR 6.6 billion). Estimated peer revenues on (re)sale of goods platform are estimated at EUR 10.8 billion; on sharing/renting accommodation revenues add up to EUR 4.1 billion, and in each of the other three sectors at around EUR 800 million per year.

Expenditure and revenue on both collaborative and (re)sale of goods platforms are driven by a small share of peer consumers and peer providers. More than half of the revenue and expenditure is generated by 10% of peers. This skewed distribution of expenditure and revenue indicates the presence of 'very active private' consumers and providers, and/or of commercial and professional buyers and sellers transacting frequently in P2P markets.

Among the 485 platforms screened for this study there are large differences in platform size insofar as can be deducted from unique visitor numbers of websites. both between the P2P markets and within them. A large majority of the platforms, 81% of the 485 platforms in the sample, are small or medium-sized (below 10,000 daily visitors) while 20 platforms or 4% of them, are very large and have more than 100.000 unique visitors per day. Depending on the sector, 21 to 41% of platforms examined operate an app, either exclusively or in addition to a website – no data for app use were available. The websites of (re)sale platforms are by far the most visited and it is in this sector where there are the largest differences in platform size or popularity. The overwhelming majority of sharing/hiring rides or odd jobs platforms (78% and 68% of platforms respectively) are small (defined as <500 daily unique visitors).

Finally, there are serious and large gaps in the availability of data about the economic activity of platforms, such as financial records, and a lack of transparency and data availability about platform activity in general.

### ***Online P2P platform business models***

The screening of 485 platforms shows that peer to peer online platforms provide a wide range of services to peers which go well beyond the mere hosting or matching of demand and supply. These include:

- Pre-transaction services such as search and matching tools, provision of tax and safety information, marketing services, user data checks and identity verification services, and peer review and rating systems;
- Transaction services such as price setting services, payment services, setting terms and conditions for platform use and for the transaction between peers (e.g. regarding cancellations or refunds);
- Post-transaction services such as complaints handling, management of refunds, insurance, compliance monitoring, monitoring of user activity, invoicing and tax declaration services

The services P2P platforms provide differ between platforms, depending among others on the (value of) the good or service to be exchanged, the country or the level of development of the platform. But a very large majority (86%) set terms and conditions for using the platform.

About 60% of the peer to peer platforms analysed engage actively in matching demand and supply through algorithms, search functions, geolocation and other tools, as opposed to simply hosting listings posted by peers. To build trust, about 50% manage a peer review or rating system, 48% give safety advice and rules and 25% have systems for user data checks or identity verification.

At the transaction phase 55% offer payment services that are accessed through the platform. About a third (35%) set terms and conditions for peer to peer transactions. More than one in five (22%) platforms either offers pricing guidance or price setting services for the peer transaction.

At the post transaction phase 53% engage in complaint handling. Around 30% monitor user activity and 27% monitor compliance with platform and other rules. About one in four platforms offer insurance coverage and handle insurance claims, either as part of the transaction or as an optional add-on service.

The literature review identified the following monetisation models of online platforms:

- Transaction fees: fees charged on transactions intermediated by the P2P platform, to peer consumers and/or peer providers;
- Subscription fees: fees charged on a periodical basis by the platform to peers for access to its services;
- Add-on services fees: fees charged for optional add-on services by the platform outside the transaction or on top of the transaction fees, such as promoted listings, professional photographs, verification of identity, delivery, insurance, etc.;
- Advertising: revenue generated through advertising third-party content on the platform through banners, native advertising, etc.;
- Data use/reuse: revenue generated through sharing or selling peer data to third parties<sup>193</sup>;

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<sup>193</sup> Note that this study considers a platform uses data as a revenue source if its Terms and Conditions specify that it is allowed to share peer data with third parties for, among others, marketing purposes. It is not clear which platforms

- Other: other revenue generation such as cancellation fees, consumer hotline fees, B2B services, etc.

The screening of 485 platforms also shows that advertising is the most prevalent monetisation model, used by 53% of platforms; 48% use and reuse data to generate income, a third of platforms (34%) use transaction fees, 21% subscription fees, and 12% add-on services fees. A majority of platforms use a combination of strategies to generate revenue. Over half of the platforms use advertising in combination with subscription fees (51%), add-on service fees (61%) or data use/reuse (64%). Data use/reuse is also usually combined with a second monetisation model.

Between P2P sectors, there are differences in the prevalence of monetisation strategies: Most (re)sale of goods platforms (80%) use advertising or data use/reuse (60%) as a monetisation strategy. The sharing/hiring rides market features the greatest diversity of monetisation models.

By linking the types of services with the different monetisation models, three ways in which peer to peer platforms create value that can be monetised can be identified:

- Transaction/subscription-fee based models: such platforms offer a wide range of services with a focus on pre-transaction services. Their aim is to encourage a maximum number of transactions by offering a wide range of well diversified services, in function of their level of maturity and financial solidity.
- Advertising-based models: their activity focuses more on post-transaction services and less on trust-building. They tend to adopt more reactive, rather than proactive approaches to potential user issues and problems.
- Data use and re-use: platforms using this model offer a wide range of services and they often combine this model with either advertising, transaction fees or subscriptions fees.

Combining these findings on combinations of monetisation strategies and platform services with the findings of the case studies, three main platform business models can be distinguished:

### **Model 1. Hosting of Listings**

The first model concerns platforms which limit themselves to passively matching peer demand and peer supply by publishing information about the relevant peer to peer market, with or without user generated reviews of the peers or of the good/service alongside the listing. Most such platforms offer a search function based on keywords to facilitate the matching.

These platforms do not get involved in the peer to peer transaction, but limit themselves to providing a matching service. They tend to monetise the value they create by charging for advertising, charging fees for add-on services such as premium listings, and through data reuse, monetising user data shared with the platform.

## **Model 2. Active management of transactions**

The second model is characterised by platform services that create value by actively facilitating and managing the matching of demand and supply and fostering trust among peers to facilitate a larger number of transactions.

The services these platforms offer include advanced search tools and messaging systems; user information checks, pre-screening or verification of identity documents; pricing guidance; guidance for safe P2P interactions; management of peer review and reputation systems.

Platforms tend to monetise the value they create in this type of transaction through charging subscription or transaction fees and through data reuse. Most platforms that actively manage P2P transactions charge transaction fees; they may also charge for add-on services like insurance, or featured listings.

Platforms with this business model influence the peer to peer transaction but they do not control the contractual terms of the P2P transaction.

## **Model 3. Platform governed peer transactions**

The third model is characterised by platforms services setting one or more contractual terms for the peer to peer transaction, and exercising control over the performance of the transaction, assuming explicitly or implicitly (partial) responsibility for the performance or quality of the transaction.

Platforms that set terms and conditions and control P2P transactions provide price setting services; management of payments, holding payments until performance of the service or arrival of the good is confirmed; management of complaints and refunds; and insurance as part of the transaction fee. Platforms tend to monetise the value they create in this type of transaction through transaction fees and through data reuse. Most platforms in this category charge transaction fees.

Such platforms govern key terms of the contract between the peers and they assume a level of responsibility for its successful completion. This may raise legitimate expectations among users regarding the reliability and quality of the transaction and the platform's responsibility in case of problems.

Platform control over the P2P transaction is at the core of these business models. Greater control over the transaction implies greater platform responsibility for the performance and quality of the transaction. At any one point in time, a single platform can operate several of these business models at once, e.g. for different consumer segments, for different types of goods or services, or with different types of providers. In practice, the third model is limited to larger platforms which have both the need and the resources to actively manage matching and govern peer to peer contracts.

Finally, as platforms develop a larger user base, there is an evolution of platform business models over time from the simpler (listings) model to the more complex models of active management and governing the terms of the peer to peer transaction, and offering a wider array of services to its users.

## B. Peer experiences in online P2P markets

### ***Peer usage of online P2P platforms***

More than three quarters of internet users in the ten countries surveyed for this study has over the past 12 months used a peer-to-peer (P2P) online platform to conclude transactions with other peers. Most of them (73%) had experience with online platforms for the Sale and Resale of Goods which have existed since the 1990's. Engagement with collaborative platforms which are a more recent phenomenon ranges from 8% using platforms for Odd Jobs, 12% platforms for Sharing/Renting of Goods, 14% Accommodation Renting/Sharing to 15% of the online population using Ride Sharing/Hiring platforms. A large majority of platform users were both active as peer consumers and as peer providers, and this is the case across all P2P sectors.

About half of both peer providers (54%) and peer consumers (44%) who use these P2P platforms do so with either a monthly or weekly frequency. A substantial portion of peer providers in the accommodation sector report they rent out accommodation on a regular basis, 15.9% once a week and 20.6 % once a month, but peer consumers use such platforms less frequently, mostly once or twice a year.

Most peer users are either satisfied or very satisfied and want to use the platform again in the future. Altogether, peer consumers are slightly more satisfied than peer providers: 77% of peer providers are satisfied or very satisfied compared to 83% of peer consumers.

### ***Problems experienced***

Notwithstanding their overall satisfaction with P2P platforms, peer consumers in the 10 countries surveyed report frequent problems with transactions on P2P platforms. More than half (55%) has experienced at least one problem over the past year. The most frequent problems relate to the poor quality of goods or services, or to the goods and services not being as described.

About a quarter of these peer consumers report they had similar problems with conventional businesses, but a large majority say they only had such problems on P2P platforms. Problems with the quality of the product or service appear to be almost twice as frequent in P2P markets (29%) as in online purchases in general (15%) <sup>194</sup>.

Peer consumers rated the personal detriment they experienced as a result of these problems on P2P platforms as low to medium. The average level of detriment as a result of problems experienced by peer consumers on P2P platforms - insofar as valid comparisons can be made - is lower compared to similar types of services in the traditional economy. This is likely to be related to the fact that the sums involved on online P2P platforms are generally lower. The focus group research conducted for this study in the same 10 countries indicates that peer consumers may accept a higher level of risk and problems on P2P platforms as "part of the game" - in exchange for the opportunity to save money, and because most transactions are relatively low value.

Across different platform types, peer consumers experienced more problems on collaborative platforms than on (Re)Sale of goods platforms. Those who experienced problems on resale platforms also report a lower level of detriment than on collaborative platforms. But full refunds were more frequently obtained on resale platforms than on collaborative platforms. Problems on accommodation platforms were less likely to get resolved than problems on other collaborative platforms.

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<sup>194</sup> Comparing the current findings for 10 countries with the results of the Digital Single Market Study for 28 EU Member States in 2015 : [http://ec.europa.eu/consumers/consumer\\_evidence/market\\_studies/obstacles\\_dsm/docs/21.09\\_dsm\\_final\\_report.pdf](http://ec.europa.eu/consumers/consumer_evidence/market_studies/obstacles_dsm/docs/21.09_dsm_final_report.pdf)

Peer providers report fewer problems (14%) with the other peer on P2P platforms than peer consumers. Most of these problems of peer providers relate to cancellations (over 40%) and various payment issues (47,5%). On average, providers experience less problems on (Re)Sale platforms (13%) and Sharing/Hiring Rides platforms (11%) than on accommodation or sharing/renting of goods platforms (16%). The highest incidence of provider problems is reported on Odd Jobs platforms (22%)

### ***Actions taken by peer to solve problems***

Almost half of the peer consumers (46%) that had experienced a problem did not take any action, mostly because they felt it was not worth their time or effort and/or because the amount of money involved was too small. When peer consumers took action, they mostly complained to the peer provider or to the platform. Remarkably few peer consumers (20.4%) left a low rating or bad review.

In contrast, peer providers were more likely to take action when experiencing a problem: 71% of them took action, by complaining directly to the peer consumer (36%) or to the platform (34%), or to a consumer association or authority (8%); 23% resorted to giving a low ranking or bad review of the other peer. Of those who complained to the platform, about half were satisfied with how the platform responded.

The findings also show that taking action helped solve peer consumer problems. More than 60% of peer consumers who took action with the other peer succeeded in solving all or most of their problems; about 45% of those who complained to the platform had all or most of their problems solved, and 45% of those who appealed to the payment provider were successful in getting their money back. Most peer consumers obtained a full or partial refund, or another form of financial compensation, from the peer provider or the platform. Peer consumers who reacted to problems by giving bad ratings or reviews mostly did not get their problems solved.

### ***Peer knowledge of rights and responsibilities***

Given the relatively high incidence of problems on P2P platforms, peers' knowledge of their rights and responsibilities on P2P platforms and the importance they attribute to the transparency and clarity of the information given by the platform about this are relevant. The (self-reported) knowledge of the rights and responsibilities is overall rather low: about 60% of peer consumers do not know or are not sure who is responsible when something goes wrong, what the responsibility of the platform is or if they have a right to compensation or reimbursement. About 40% of peer providers say they do not know or are not sure about their rights and responsibilities, and about 30% think they know more or less.

At the same time, about 85% of peer consumers find it important or very important that P2P platforms are clear and transparent about who is responsible when something goes wrong, data protection and their rights in case of a problem with the price or quality of a product or service. Peer providers attach similar importance to clarity and transparency about the regulations and responsibilities when something goes wrong, data protection and tax responsibilities. The apparent lack of knowledge or uncertainty about rights and responsibilities and the importance given to transparency about rights and responsibilities indicate a need for clearer information about this.

### C. Clarity and transparency of information on P2P platforms

The case study platforms analysis shows diverging practices in transparency about platform functioning towards peers. All case study platforms qualify as 'traders' and engage in B2C commercial activities. As such they are subject to the professional diligence duty set out by Article 5(2) of the UCPD and the transparency requirements included in Articles 6(1)(b) and 7(4)(a) of the UCPD. The European Commission's Guidance on the Implementation/Application of the UCPD (UCPD Guidance),<sup>195</sup> clarifies that in order to comply with such duties, platforms should adopt a series of appropriate measures aimed at clarifying to their users with whom they are concluding contracts on the platform itself. Additionally, platforms' liability should also extend to adequately ensuring their users' identity. According to the UCPD Guidance, indeed, platforms should adopt any necessary 'technical means to verify the reliability of the person posting a review, for instance by requesting him/her to register'.<sup>196</sup>

With regard to these requirements, the research finds the following:

#### ***Contractual nature of the transaction and liability:***

Some platforms do not allow or make it difficult for commercial peer providers to operate alongside private peers; others allow both types of peers and require peer providers to indicate their legal status. But some of the major platforms do not distinguish between private and professional providers, although it is technically feasible to be transparent.

This lack of clarity and transparency regarding the peer provider's status is a major concern because the peer provider's status determines the applicability of consumer and marketing legislation. It may not generate any substantial problems in the case of platforms serving smaller local communities, and/or where transaction amounts are low. But on larger platforms which give peers opportunities to make significant profit, not identifying peers who are acting as professionals or traders, implies they may act as 'hidden traders' which is not acceptable from a consumer policy perspective.

#### ***Platform liability for the P2P transaction***

Insofar as case study platforms explain the role and responsibility of the platform, this is mainly to exclude responsibility or liability. There is no clear information about the applicability of consumer or contractual rights, or who is responsible if something goes wrong. However, there are on most platforms extensive FAQ sections explaining to peers what to do in case of problems, which creates the impression the platform does assume responsibility and will provide assistance in case of problems.

In particular, there is a discrepancy between platform practices and their terms and conditions regarding liability or responsibility for the P2P transaction. Most case study platforms set at least part of the contractual terms of the P2P transaction. This may create the impression among users that the platform shares a certain degree of responsibility in case of non-performance or non-compliance of the performance.

Such impressions can for instance be created by:

- holding payments until performance/compliance of the service is confirmed or withholding payment in case of non-performance or non-compliance by peers.
- imposing rules and fees for cancelations by peer consumers or peer provider.
- intervening to solve problems between peers through management of complaints, mediation of disputes and award of refunds.
- intervening to enhance safety and security by verification of peer identities, or creating the impression that identities are verified.

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<sup>195</sup> Commission Staff Working Document Guidance on the Implementation/Application of Directive 2005/29/EC on Unfair Commercial Practices, accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'A comprehensive approach to stimulating cross-border e-Commerce for Europe's citizens and businesses', UCPD Guidance, 25.5.2016, COM (2016) 320, p. 123.

<sup>196</sup> UCPD Guidance, 25.5.2016, COM (2016) 320, *supra*, p. 137.

- (optional) automatic price-setting based on algorithms using internal/external demand/supply data.

At the same time, the terms and conditions of these platforms systematically exclude any liability of the platform in relation to the contracts concluded between the peers, and explicitly state that the platform is not a party to such contracts. For instance, all case study platforms exclude liability for:

- the accuracy of information provided by the peer to establish whether they are a commercial or a private provider;
- non-performance, non-compliance of the performance by the peer providers;
- the accuracy of information provided in peer-to-peer reviews.

The discrepancy between the platforms' level of intervention in setting the terms of the P2P transaction and the liability clauses in its T&Cs risks to confuse or mislead users with regard to the responsibility of the platform in case of problems with the P2P transaction.

### **Price transparency**

The search results on many platforms do not give the total price; notably platform fees which range from 10% to 25% are often added only at the booking stage. Among the 10 case study platforms where this in-depth analysis was carried out, only the French language version of BlaBlaCar displayed prices in search results including the transaction fee.

Algorithms are increasingly used to determine (recommended) prices, especially by large platforms. But there is no detailed information on how these prices are calculated. In the case of algorithms setting the prices for listings this means peers have no or little leeway to modify them. With dynamic pricing mechanisms prices may change without peers understanding why this is the case.

### **Data use and reuse**

There is a lack of information about data use and reuse, data transfer or resale. Platforms gather a large amount of data from their users: not only basic user information, but also data on behaviour, trends or frequency of transactions. There is a growing trend among platforms to use that data for 'dynamic' pricing or to encourage peers to engage in a transaction on the platform. While some of these data can facilitate solving of consumer issues, current practices, or lack of clarity about current practices of data use and reuse also raise concerns regarding the protection of personal data, especially when they are shared and/or transferred to third parties for commercial purposes.

No information was obtained on the monetisation of user data. Most platforms do not have a clear data use policy regarding transfers to third parties. All platforms covered in the in-depth case study analysis indicate they share data with third parties, but they do not always mention that they only do so with user consent. Only BlaBlaCar mentions explicitly that they do not sell data to third parties.

These findings are particularly in the light of the survey and focus group results which show that consumers are:

- aware that they are not fully informed,
- value clarity and transparency about their rights and obligations highly; and
- see a significant role for platforms in making such information available to them.

## **D. Trust building and verification of identity information on P2P platforms**

While conventional businesses generate consumer trust through compliance with governmental regulations, platforms seek to generate trust through a variety of trust-building tools. The results of the screening of 485 platforms, the user survey and focus groups, and the case studies, indicate that the core trust building tools, peer review and rating systems as operated by most platforms and their identity verification practices, are neither fully reliable nor transparent. Their effectiveness is therefore subject to serious doubt. Moreover, many platforms do not offer these core trust building services.

### ***Peer review and ratings systems***

Peer reviews/ratings and reputation systems are the most prominent “trust building tools” across all platforms and they are often presented by platforms as their main instrument for protecting peer consumers and peer providers against fraud and other risks and for ensuring the quality of goods and services and reliability of providers.

While about half (52%) of the 485 platforms screened for this study offer a peer review and rating system, almost half of them do not offer such service. User data checks and identity verification services were identified on only 25% of platforms. Among the case study platforms nine out of ten manage peer rating systems, and eight out of ten peer review systems.

The survey findings show that neither peer consumers nor peer providers use peer reviews or ratings systematically. Only about 40% of peer consumers and peer providers use reviews regularly. Among those, more peer consumers consult reviews before the transaction than write reviews afterwards; for peer providers no such difference was found. This indicates that reviews are unlikely to reflect the experience of all platform users, but rather to represent those of a smaller number of more involved peers. In particular, as only 20% of peers said they left a negative review or rating after encountering a problem with a transaction, there are indications that rating and review systems may be biased.

The limited use of review and rating systems may be at least in part explained by a lack of confidence in these systems. The survey shows that most peer consumers evaluate user review systems positively in terms of added safety and protection, easy access to adequate information and as instrumental to increasing trust in the platform. But at the same time three quarters of peer consumers have at least some reservations about the reliability of user review systems and their ability to generate trust, provide adequate information, safety and protection. It also appears from the findings on problem solving that writing bad reviews or giving low ratings is not a successful strategy to get problems solved.

The focus group research indicates that, instead of relying only on peer reviews and ratings, peers evaluate the overall reliability of a platform and of its peer providers based on a combination of elements.

The case studies provide further insights into the management of peer review and rating systems which raise further questions about their transparency, reliability and neutrality.

- All case study platforms that manage review systems reserve the right to delete reviews if they do not respect certain standards
- Only two platforms systematically check reviews before publication, and two other platforms monitor reviews after publication through key word searches. On the other platforms, it is not clear whether there is any systematic monitoring of reviews or whether platforms rely on peers to signal suspicious content.
- None of the case study platforms give information to users about the representativeness and reliability of user reviews or ratings, although they hold the data to establish the percentage of transactions that are reviewed and the frequency of fake or fraudulent reviews.

- Most platforms do not inform users if positive or negative reviews or ratings influence the search results or access to the platform; those platforms who inform these use ratings or reviews for these purposes, do not explain clearly how this is done.

Finally, cross-platform portability of reputations based on review and rating systems remains scarce, although there are number of market operators who are developing solutions to address this issue in the future.

### ***Verification of identity information***

The case studies show that platform checks of identity information submitted by peers remains, in most cases, quite basic and almost all platforms deny responsibility for the accuracy of user information. Most case study platforms do not systematically verify identity data of users, but rely one user information checks by email or social media accounts. Some offer optional identity verification services and very few require official identity documents for registration.

The lack of adequate identity verification raises concerns given that often people end up meeting face-to-face, geolocation data are exchanged among platform users and the other peer may not be identifiable in case something goes wrong with the transaction.

## **E. Access to complaints, redress and insurance**

Among the 485 P2P platforms screened, 52% offer at least some level of complaints handling, and 24% offer some form of insurance, either as part of the transaction fee or as an add-on service.

All ten case study platforms offer some form of online channel for complaints, and seven out of ten include insurance covering peer providers against damages in the transaction fee. All platforms websites have a FAQ section with advice about what to do to solve problems. But only five out of ten give guidance on what to do in case something is wrong with the performance of the service, the product or its delivery.

A majority of case study platforms also manage “redress policies” and actively intervene to remedy problems with the transaction. Several set out clear rules regarding cancellations and some criteria for returns and refunds. However, most platforms issue refunds at their own discretion in cases of goods and services that are of poor quality or not as described. None of the platforms sets out clearly the responsibility they assume for handling complaints in case something goes wrong.

Although most larger platforms offer some form of insurance to peer providers, the scope of its coverage varies significantly between platforms. The main issue with insurance cover is the lack of information on what exactly is covered and how the validity of claims is assessed.

## **F. Regulatory elements in practice**

### ***Nature of the transaction***

Distinguishing between traders and consumers, between those acting in a commercial/professional capacity and individuals acting in a private capacity is essential to determine whether consumer law and marketing law applies.

The Legal Analysis finds that although the terminology used by different national legal instruments is not always completely uniform, definitions of ‘trader’ and ‘consumer’ are

substantively equivalent, both in national consumer law and in national Commercial Codes, and reflect those in the EU consumer *acquis*.

Indicators of what constitutes a trader vary from Member State to Member State and are rarely defined in national legal instruments. The 'continuity' and the 'professional nature' of the activity are the two main elements on basis of which Member States assess, on a case-by-case basis, whether an individual is acting in a private capacity or as a trader.

Some Member States have tried to clarify whether an individual is acting in a private or commercial/professional capacity by setting out sector-specific thresholds and/or tax thresholds. These limits differ from sector to sector and between countries, or even regions and cities. They are not necessarily relevant for distinguishing consumers from traders for consumer law purposes or determining the applicability of consumer

This lack of clarity and fragmentation - though mostly related to market access issues and, therefore, outside the scope of consumer policy - generates legal uncertainty about the applicability of consumer protection rules and could consequently hinder consumer protection

### ***C2C legislation and its enforcement***

In most Member States, the main provisions applicable to C2C transactions falling within the scope of this study consist in national Civil Code rules. General civil code rules provide a basic level of protection to parties to C2C contracts. However general civil law provisions are not usually tailored to C2C transactions concluded online via platforms. Civil law rules applicable to C2C transactions presume that both parties to the contract meet in person or that the good is physically present. When a C2C contract is concluded online via a platform, however, usually the parties do not physically meet or the good is not physically present, and terms and conditions of the contract may have been predetermined by one of the parties or the platform. The Legal Analysis therefore found that Member States' civil provisions are generally not tailored to C2C transactions concluded online via platforms, because national civil codes generally date from before the digital

The Legal Analysis found that the main issue concerning the existing C2C legislation consists in its scarce enforcement in the P2P markets context. The competence of the national consumer protection authorities is generally limited to the B2C scenario. To enforce rules applicable to C2C transactions. The case must be brought before civil courts. Civil claims are rare due to the high costs and length of civil proceedings compared to the average low value of C2C contracts on online platforms. The enforcement of C2C legislation is also hindered by the scarce collaboration between online P2P platforms and competent authorities.

### ***Platform transparency***

One of the main issues concerning the relationship between platforms and their users relates to the lack of transparency in online P2P platforms' rules and practices. According to the national Legal Analysis, most platforms qualifying as 'traders' and engaging in B2C commercial activities may not comply with, for example, some of the professional diligence duties set out by Article 5(2) of the UCPD.

Consequently, where platforms do not enable their users to clearly indicate that they act in a professional/commercial capacity or do not clarify that consumer protection law exclusively applies when the transaction is concluded with a trader, this could represent a breach of a due pre-contractual information requirement

As the case studies have shown, some of the largest platforms allow commercial peer providers to operate alongside private peers without distinguishing between them – while others do require them to indicate the commercial or professional nature of their activity.

The Legal Analysis also found that most platforms set minimal identification requirements for registration and access (e.g. name and email address), and usually do not adopt adequate measures to verify users' identity. The professional diligence duties and the transparency requirements of the UCPD, as interpreted in the UCPD Guidance, refer to checking user identity for example when considering that platforms should ensure that reviews originate from real users and are not fake.



### ***Platform liability***

All case study platforms exclude liability for the veracity of information provided by the peer to establish whether they are a commercial or a private provider.

Regarding responsibility (liability) in case of, for example, non-performance, non-compliance of the performance by the peer suppliers, or technical problems, the Legal Analysis shows that in most Member States, platforms' terms and conditions exclude any liability of the platform in relation to the contracts concluded between the peers, and explicitly state that the platform is not a party to such contracts. This result is confirmed in the in-depth analysis of individual platforms in the case studies.

The above results highlight two main issues for peer consumers:

- If the platform actively manages or governs the transactions concluded between peers, this might mislead users by creating the false impression that the platform shares a certain degree of responsibility in case of non-performance or non-compliance of the performance.
- Lack of clarity regarding the contractual nature of the peer to peer transaction combined with exclusion of liability by the platform may leave some peer consumers unknowingly without adequate protection.

## CONSUMER ISSUES & POLICY OPTIONS

As the above findings show, the emergence and development of online peer to peer markets has both positive and negative effects on consumers.

On the one hand, the use of new technologies by online platforms has the potential to enable efficient matching of supply and demand (e.g. reducing costs and enabling private individuals to monetise their under-utilised resources), reduce information asymmetries and provide opportunities for new employment.<sup>197</sup>

On the other hand, the study points to five key consumer issues that emerge from this new kind of economy:

1. Transparency and clarity regarding the nature of the transactions concluded through online P2P platforms, applicable consumer rights and obligations, the applicable legal framework and its enforcement;
2. Reliability of peer review and rating systems and accuracy of identity information provided on the platform;
3. Discrepancy between exclusion of platform responsibility and liability for the performance of online P2P transactions and platform practices;
4. Access to redress for peer consumers and peer providers; and
5. Data use and data protection issues.

If left unchecked, these problems might end up, hampering 'the development of the collaborative economy in Europe' and preventing 'its benefits from materialising fully'.<sup>198</sup> This is all the more important given the rapid development and the expected future growth trajectory of P2P platforms in terms of services offered, number of users (both peer consumers and peer providers) and the economic importance of the market.

At the same time, stakeholder engagement over the course of this study has uncovered a lack of consensus regarding the best way forward. While some stakeholders (including, in particular, representatives of online P2P platforms) advocate self-regulation and claim that new legal initiatives would represent an unnecessary regulatory obstacle to the development of online P2P markets, others call for EU or national level initiatives (legal or non-legal) to allow the peer to peer economy to fully develop its potential benefits for consumers.

As the literature review indicates, some of the consumer issues that arise on online P2P platforms may be solved through self-regulation by the P2P platforms and greater transparency about rights, obligations and responsibilities. However, self-regulatory approaches of platforms towards peers are as the study has shown, often optional and voluntary, and mainly rely on incentives rather than systematic enforcement or sanctions<sup>199</sup>. Self-regulatory measures alone might not be enough to address the externalities deriving from the platforms' operation, since addressing such impacts may not directly promote transactions on the platform<sup>200</sup> - which is a main source of revenue

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<sup>197</sup> Commission Staff Working Document accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 'A European agenda for the collaborative economy', supporting analysis, 2.6.2016, SWD (2016) 184 final, p. 6.

<sup>198</sup> OCU, *Altroconsumo, Deco Proteste, Test Achats/Test Ankoop, Cibersomosaguas, Ouishare*, 'Collaboration or Business? Collaborative consumption: From value for users to a society with values' [2016] OCU Ediciones, p.2.

<sup>199</sup> E.g. through additional benefits to peers that comply, such as AirBnB's super host badge, or Peerby's green verification circle – see Task 4 case studies.

<sup>200</sup> US Federal Trade Commission (2016). The "Sharing Economy". Issues Facing Platforms, Participants & Regulators. An FTC Staff Report. Available at: [https://www.ftc.gov/system/files/documents/reports/sharing-economy-issues-facing-platforms-participants-regulators-federal-trade-commission-staff/p151200\\_ftc\\_staff\\_report\\_on\\_the\\_sharing\\_economy.pdf](https://www.ftc.gov/system/files/documents/reports/sharing-economy-issues-facing-platforms-participants-regulators-federal-trade-commission-staff/p151200_ftc_staff_report_on_the_sharing_economy.pdf)

of the major platforms. Platforms may therefore have little incentive to self-regulate issues that impose costs only on third parties, but both the platform and peer providers may have an interest in addressing such harms if they could be liable to third parties for such harms<sup>201</sup>.

The remainder of this Section proposes a set of potential options for addressing the consumer issues identified above.

## A. Transparency and clarity

### ***Contractual nature of the transaction***

As several Sections of this Report have pointed out, online P2P markets blur the line between traders and consumers. The general definitions of 'trader' and 'consumer' are applied by Member States' on a case by case basis using different indicators to distinguish traders from consumers by sector. Such fragmentation generates legal uncertainty and lack of clarity about the applicability of consumer and marketing law.

There is no consensus amongst stakeholders on how to clarify the distinction between traders and consumers and reduce legal uncertainty. Some of the options suggested by stakeholders for addressing this issue include:

- At a minimum, broaden the political debate on this point until agreement is reached and monitor legal initiatives adopted at Member State level and assess their effective functioning;
- Defining at EU level a harmonised set of indicators that help distinguish traders from consumers;
- Promoting legal initiatives at national and local level aimed at setting out sector-specific or tax thresholds that help distinguish between professional and non-professional activities, or between businesses and private individuals for tax purposes;
- Acknowledging at national level the existence of a new statute of 'prosumers' or of 'microentrepreneur', as used in France<sup>202</sup>, as new types of economic operators.

Irrespective of the actual definition of traders and consumers, the study shows that platforms lack transparency in providing information on the status of peers operating on their platforms. Some of the larger online P2P platforms do not enable or require peer providers to specify whether they are acting as traders or as consumers, while others require clarity and/or indicate the peer's (self-declared) status clearly to peer consumers.

One option to address this issue would be to require all platforms to clearly indicate the (self-declared) status of the peer provider to users at each stage (before, during and after) of the transaction, and to specify that consumer protection laws will exclusively apply where the transaction is concluded with a trader. As platforms possess the data to assess relevant indicators, such as frequency of transactions and number of listings, they can also monitor the validity of this information.

### ***Consumer knowledge of their rights and obligations***

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<sup>201</sup> US Federal Trade Commission (2016). The "Sharing Economy". Issues Facing Platforms, Participants & Regulators. An FTC Staff Report. Available at: [https://www.ftc.gov/system/files/documents/reports/sharing-economy-issues-facing-platforms-participants-regulators-federal-trade-commission-staff/p151200\\_ftc\\_staff\\_report\\_on\\_the\\_sharing\\_economy.pdf](https://www.ftc.gov/system/files/documents/reports/sharing-economy-issues-facing-platforms-participants-regulators-federal-trade-commission-staff/p151200_ftc_staff_report_on_the_sharing_economy.pdf)

<sup>202</sup> not to be confounded with the existing legal category of "micro-enterprise"

The survey and focus groups have shown that most peer consumers and peer providers are not aware or uncertain of their rights and responsibilities in P2P transactions or who to turn to when something goes wrong. At the same time a very large majority of peers find it important or very important that P2P platforms are clear and transparent about such. There is therefore a need for platforms to improve and clarify the information they give to their users.

First of all, this could be addressed by platforms by making their Terms and Conditions more user-friendly<sup>203</sup> and by ensuring that platforms present relevant information not only in separate, lengthy T&Cs, but at the moment when this information is most useful to their users (e.g. at specific points before, during and after the transaction).

Second, platforms should ensure that peer consumers receive pre-contractual information when they engage in transactions with commercial peer providers on the platform.

Third, platforms should inform their users where they can find information about applicable licensing and/or authorisation requirements, as well as registration obligations set out by national/local legislation (e.g. possible income thresholds or temporal thresholds set out in the accommodation sector).

Finally, *in addition* to requiring platforms to present key information more clearly and at the point in time when this information is most useful, an awareness raising campaign, ideally carried out in cooperation with online platforms themselves, could further boost online P2P user knowledge about their rights and responsibilities.

### **Applicable C2C legal framework**

In most EU countries, the legal framework applicable to C2C transactions is not tailored to contracts concluded online through P2P platforms. For example, in C2C transactions concluded online or via online platforms in most cases, the parties or the good are not physically present, the identity of the other peer is often not clear, and part of the terms of the contract may be determined by the platform.

While no extra regulation is necessary with regards to C2C contracts concluded between two parties whose identity as consumers is clear, in cases of C2C contracts concluded online, it could therefore be beneficial to make existing C2C legislation fit for digital purposes. For example, a recent amendment to the French Civil Code introduced a new provision<sup>204</sup> setting out that unfair contract terms included in 'adhesion contracts' (i.e. contracts whose content has been pre-formulated by one of the parties)<sup>205</sup> are void. It could for example be assessed whether certain aspects of national unfair contract terms legislation applicable to B2C transactions could be extended to online C2C contracts where the content of the contract is to a large extent pre-determined by one of the parties, or by a third party, i.e. the platform, the parties or of the object of the contract are not physically present and there are uncertainties relating to the actual identity of one of the parties.

### **Enforcement issues**

The main issue concerning the existing legal framework applicable to C2C transactions relates to the absence of easily accessible enforcement options. In order to enhance the

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[http://ec.europa.eu/consumers/consumer\\_evidence/behavioural\\_research/docs/terms\\_and\\_conditions\\_final\\_report\\_en.pdf](http://ec.europa.eu/consumers/consumer_evidence/behavioural_research/docs/terms_and_conditions_final_report_en.pdf)

<sup>204</sup> New Article 1171 of the French Civil Code, as amended by Ordinance No. 2016-131.

<sup>205</sup> New Article 1110 of the French Civil Code, as amended by Ordinance No. 2016-131.

effective enforcement of existing C2C legislation, the following options were proposed for consideration by stakeholders:

1. Expanding the competence of national consumer protection authorities to C2C transactions on online platforms;<sup>206</sup>
2. Encouraging stakeholders other than platforms, such as consumer organisations to raise awareness among consumers of their rights and obligations, for example by making appropriate funding available;
3. Promoting the use of the European Small Claims Procedure on online P2P platforms for C2C disputes with a cross-border element and up to EUR 2,000;
4. Expanding the scope of application of national small claims procedures to C2C disputes (where small claims procedures exist);
5. Encouraging platforms to collaborate with competent authorities to facilitate peers' compliance with local regulation.

## B. Consumer trust and accuracy of user generated information on the platform

The study has shown that trust is a key issue for users and platforms in online P2P markets. Furthermore, there are significant concerns regarding current platform and user practices which have the potential to undermine trust, mislead consumers and stifle the development of online P2P platforms.

### ***Peer review, ratings and reputation tools***

The study has found that online P2P platform users do not use peer reviews and rating systems systematically and that they do not always trust them. In addition, most platforms do not appear to monitor systematically whether reviews or ratings are generated by actual and genuine users. Given the significant issues related to transparency and clarity of information on P2P platforms, these tools are not effective alternatives to regulation in the current environment.

In line with the guidance on the UCPD, and as for example proposed in the French Digital Republic Law,<sup>207</sup>, there is a need for platforms to be transparent about the mechanisms they use to manage review and rating systems, and to ensure consumer understanding of the underlying quality control system.

One option, along the same lines as the Key Principles for Comparison Tools<sup>208</sup> published by the European Commission in 2016, would be to require platforms, which feature peer review, rating or reputation systems, at a minimum, to:

- be clear and transparent about how reviews are created, posted, ranked and sorted;
- publish only genuine reviews, including all genuine negative reviews;
- publish reviews without unreasonable delay;

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<sup>206</sup> Conclusions of stakeholders attending the Workshop carried out in Brussels, as part of the study, on 3 October 2016.

<sup>207</sup><https://www.legifrance.gouv.fr/affichLoiPubliee.do?idDocument=JORFDOLE000031589829&type=general&legislature=14>.

<sup>208</sup> [ec.europa.eu/consumers/consumer.../key\\_principles\\_for\\_comparison\\_tools\\_en.pdf](http://ec.europa.eu/consumers/consumer.../key_principles_for_comparison_tools_en.pdf)

- indicate the date of publication and any updates/edits;
- be clear and transparent about whether the reviews have been verified; and
- what the method of verification was.

Furthermore, peers whose online reviews have not been published should be made aware of the reasons for the rejection, given the possibility to object to this refusal and provided a facility to report doubts about the authenticity of a review.

Platforms managing peer review and rating systems could also be required to give information to users about the representativeness and reliability of user reviews or ratings, and on how positive or negative reviews or ratings influence the search results or access to the platform.

### ***Accuracy of identity information***

The study shows that most platforms do not verify peer generated identity information. One option to deal with this issue would be to require that platforms which actively manage, or govern the transactions concluded between their users, to adopt tools that help to adequately ascertain the users' identity. This may for instance include ID verification systems to check peers' identity at the time of registration, interviews, checks against official databases or similar means. This could build on the references to user identity checks in the UCPD Guidance, which already foresees that platforms should take steps to ensure that reviews originate from real users if presented as such.<sup>209</sup>

### **C. Platform responsibility and liability for the performance of the P2P transaction**

As this study shows, the emergence of the P2P platform economy gives rise to many questions about the liability of the parties involved, i.e. the platform and its users. Most importantly, in the current legal environment there is significant lack of clarity about the liability of platforms that do more than mere hosting of listings – which as the study shows includes a majority of the larger platforms operating in the EU. This concerns issues of liability for unlawful behaviour of users on the platform, such as illegal transactions, posting false and misleading advertisements and reviews, and non-performance or poor performance of transactions.

The study has identified widespread use of terms and conditions explicitly excluding the platform's liability for the behaviour or transactions between peers. At the same time, the business models of the largest online P2P platforms are built on the volume and value of P2P transactions they facilitate, and on their at least partial control over the terms and quality of these P2P transactions.

Depending on the extent to which a platform 'intervenes' in the transactions concluded by its users, the latter may expect that the platform shares responsibility with the peers in case of non-performance or non-compliance of the performance. For example, where the platform actively manages P2P transactions (e.g. facilitating trust among peers by using or suggesting ID verification systems, managing user reviews, mediating disputes) or governs them (e.g. setting cancelation policies, providing insurance and refunds), it is more likely that its users have the impression that the platform will also share a certain degree of liability.

Some of the following options suggested by stakeholders might be considered in addressing this issue:

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<sup>209</sup> UCPD Guidance, 25.5.2016, COM (2016) 320, *supra*, p. 137.

1. Clarify the interpretation of the already existing obligations arising from EU legislation, notably with respect to platforms that actively manage and govern the transaction between the peers.
2. Take legal initiatives at EU level to tailor the responsibility of the platform in relation to the transactions concluded between the peers to its degree of intervention, management or governance of the P2P transaction.
3. Test the effectiveness of existing platform Codes of Conduct<sup>210</sup>, either at European, national or industry level.

#### D. Access to redress

The results of this study have shown that redress and refunds in case something goes wrong is often left to the discretion of the platform which evaluates complaints on a "case by case" basis, and that the criteria for such decisions are not clearly explained to peers.

One options to be considered to address this issue is requiring platforms which govern P2P transactions (business model 3) to offer clearly explained, platform-managed redress options to peer consumers and peer suppliers in case of disputes. This is supported by the results of the consumer survey which finds that peers (both providers and consumers) consider the platform to be an important channel for resolving issues in the P2P transaction.

At a minimum, all platforms should in their terms and conditions:

- set out clearly the rules that apply in case of cancellations of transactions, including entitlements to refunds and any administrative or cancellation fees;
- inform about any right to withdrawal from transactions, including entitlements to refunds and any administrative fees;
- inform about the rules that apply in case of non-performance or poor performance of the transaction, or if the good or service does not fit the description, including entitlements to refunds and any administrative fees.

Furthermore, all platforms should also inform peers about external informal and formal redress, including when relevant Alternative Dispute Resolution and cross border Online Dispute Resolution.

#### E. Data (re)use and data protection

As the survey and focus group results have shown, transparency about the personal and behavioural data that platforms collect, how they use them, who they share them with or sell them to, as well as information about data protection rules that apply is of utmost important for both peer providers and peer consumers.

Data use and reuse are common among the platforms analysed in this study and an essential part of their business models. Especially in the case of larger platforms these user data represent significant value, for the platform itself as well as for third parties, for price setting, marketing and other commercial and public policy purposes. But the information given by platforms about their data use, re-use, sharing and selling practices

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<sup>210</sup> Information collected through consultation with national stakeholders (Spain: Blog Ecolaborativa, 24 May 2016; Spanish Association of Digital Economy, 24 May 2016; National Commission on Markets and Competition, 26 May 2016; Consumers' and Users' Organisation, 2 June 2016; Ireland: Lecturer of Law at NUI Galway, 14 June 2016; Finland: Consumer Ombudsman, 20 May 2016, and the Consumer Union, 18 May 2016). This argument has also been supported by stakeholders attending the European Consumer Summit of 17 October 2016 in Brussels.

is in many cases not fully transparent, and it is therefore not clear if current national data protection rules are fully respected currently.

As of 25 May 2018, platforms will need to comply with new obligations set out by the General Data Protection Regulation (GDPR). It is suggested that the accompanying measures to facilitate the implementation of the GDPR include specific measures focusing on its implications for online P2P platforms.

## F. Further research

Several areas highlighted over the course of this study could either not be fully addressed within the present research or would require further study to develop appropriate policy options:

1. A large set of consumer data was collected as part of this study and – though a comprehensive analysis was conducted within the scope of the research questions for this Report, further analysis could yield interesting results regarding the differences between individual platforms, the characteristics of consumers who are active in P2P markets and the drivers of their behaviour/perceptions. In particular, further analysis should go beyond descriptive statistics to develop econometric models of:

- Drivers of participation in P2P transactions, how this relates to spending patterns, whether it differs across platform business models;
- Occurrence, nature and resolution of problems and how this links to different platforms and the three business models identified in this study;
- Differences in perception among peer consumers regarding the role of the platform in the P2P transaction and the business models identified in the study; or
- Any correlations between the above and the regulatory regime in the country where the peer resides.

Such an analysis would develop robust quantitative estimates of the strength and importance of any associations between consumer behaviour/perception and the business models described in the study. It would test the relevance of the three business models in terms of consumer behaviour and thereby help understand whether/how these business models can inform future consumer policy.

2. In the field of trust-enhancing tools, which could be one of the key elements for protecting users in the platform economy, additional research could:

- Investigate in greater detail the effectiveness of various tools in protecting users from fraud and other risks and for ensuring the quality of goods and services, and the extent to which such systems determine consumer trust in P2P platforms.
- Investigate the development of the market for such tools and their adoption by platforms and quantify the link between trust-enhancement and platform growth to develop the business case (financial and strategic) for different types of trust tools.
- Investigate mechanisms for reputation portability, assessing its advantages and disadvantages and technical, legal and practical feasibility.

3. From a legal perspective, the current research could be extended to analyse the following aspects in greater depth:

- The extent to which the European Small Claims Procedure is or can be used for C2C disputes with a cross-border element and up to EUR 2,000 EUR, in particular;
- The scope and the thresholds for access to national small claims procedures and their relevance/effectiveness for disputes with transactions on online P2P platforms;
- Risks and benefits of a specific consumer law regime applicable to new types of economic operators in the P2P platform economy such as 'micro-entrepreneurs' or 'prosumers'. Mapping existing legal initiatives would help assess related advantages and disadvantages.

4. As regards data use and data protection, further research could look into:

- The use of data by platforms themselves, for example for price setting purposes, and their data sharing, transfer and selling practices, is required to assess potential data protection issues.
- The access platforms have to data held by other public and private (credit ratings, Facebook accounts, commercial 'verification' companies data sets) sources;
- The issues surrounding the transfer of data by platforms to authorities and the clarity of information to users about the transfer of personal data of peer providers to authorities for the purpose of verifying compliance local or national legal measures such as income or temporal thresholds.

5. Given that the current estimates show a large gap between total estimated peer expenditure and total estimated peer revenues in all sectors, except in ride sharing/hiring, further research is necessary to disaggregate "non-peer revenues" data into platform revenue, revenue for third parties, additional cost elements such as tourist taxes, cleaning costs and others, as well as the impact of underreporting of peer provider revenue.

6. As the use of apps by P2P platform users is likely to increase, data about app use will become an important source for obtaining insights into the functioning of P2P platform markets. Further research into both quantitative and qualitative aspects of transactions via apps will therefore become increasingly relevant.

7. Finally, going further beyond the scope of the present research focused on P2P markets, there is a need to analyse the implications of the online platform economy for consumers more generally. For instance:

- The way in which platforms rank and present matching and search results to their peers is an important determinant of market outcomes for the peers and the underlying algorithms are not in the public domain. Systematic research into how the characteristics of peers, their behavioural and purchasing data, rating and preferences affect outcomes such as search results, prices, and other matters would be useful.
- The emergence of a small number of very large platforms in some sectors has led to questions about the nature of competition between those very large P2P platforms and traditional businesses, between P2P platforms themselves and between peers within some of the larger platforms. Analysing margins for larger platforms and for individual peers; network and scale effects for both peers and platforms and potential "tie-ins"; as well as reputation portability for peers and the impact that this could have on competition would be important topics for further study.

## 12 Annexes

### 12.1 Annex1: Task 1 Report

Submitted in a separate document.

### 12.2 Annex 2: Task 2 Report

Submitted in a separate document.

### 12.3 Annex 3: Task 3 Report

Submitted in a separate document.

### 12.4 Annex 4: Task 4 report

Submitted in a separate document.

### 12.5 Annex 5: Task 5 Report

Submitted in a separate document.

### 12.6 Annex 6: List of platforms considered in Task 1

Submitted in a separate document.

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