

Benefits of online platforms to consumers and businesses

Session: Internet services role in
spurring job creation and growth

Sean Thomas
Senior Consultant

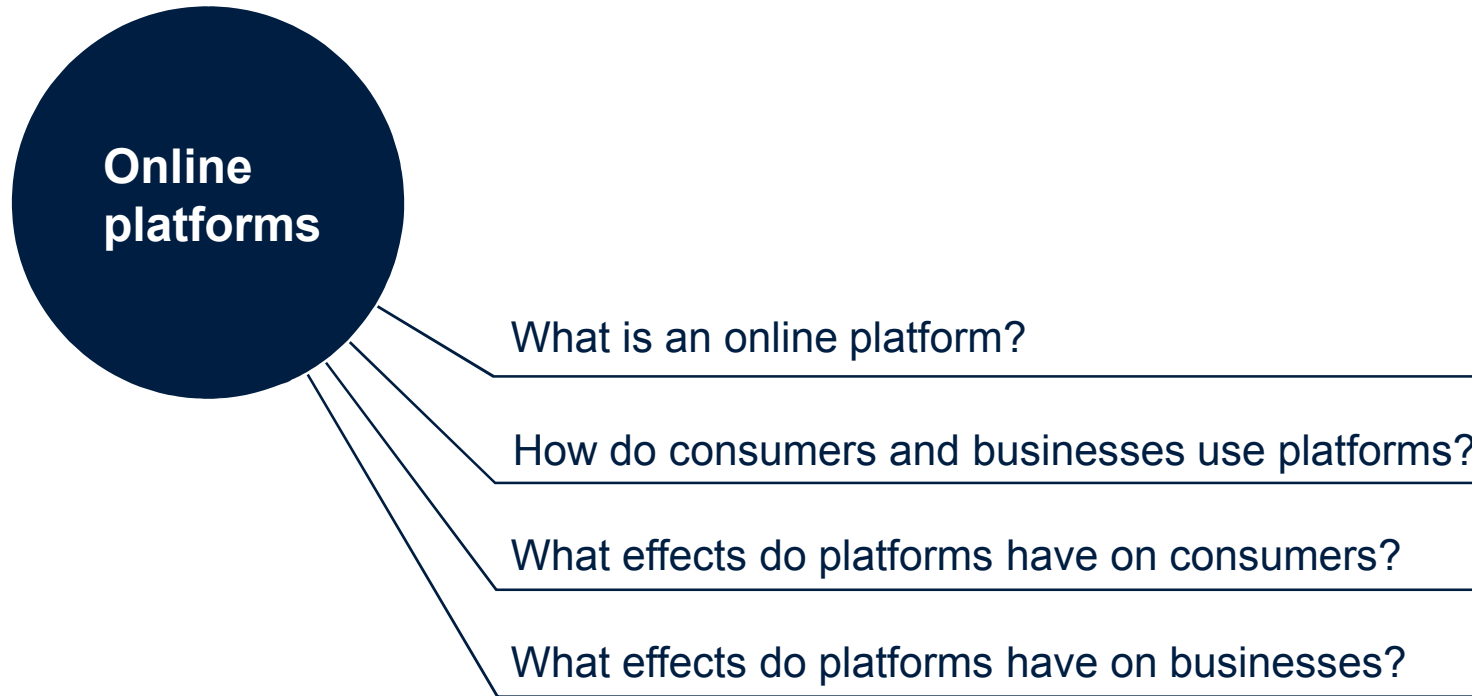
Aline Blankertz
Consultant

10 November 2015

Strictly confidential

oxera
compelling economics

Overview



What is an online platform?

The definition of online platforms is fuzzy

Online

- websites and apps
 - available on the Internet
 - brick-and-mortar businesses with Internet presence?
 - blurry line between mobile Internet and classic mobile services?

Platforms

- multi-sided platforms
 - but what is a multi-sided platform?
 - (pure) intermediary: how much 'control' is allowed?
 - matching function: centralised or decentralised?
 - does there have to be an exchange (financial or otherwise)?

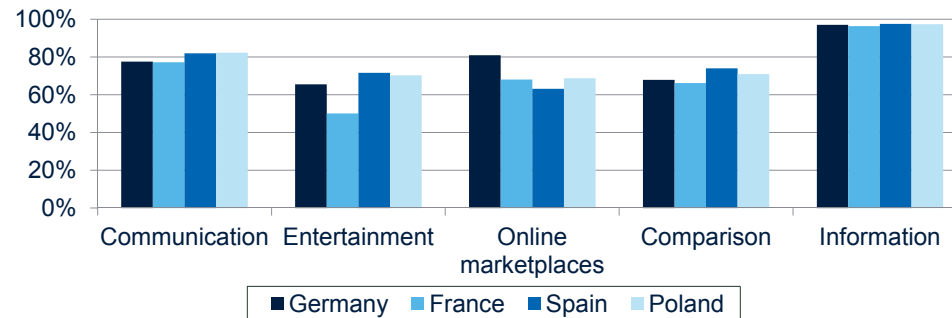
According to a 'common-sense' definition, examples of online platforms include

- communication services such as Facebook, Google+, Skype, Viber;
- entertainment services such as Youtube, Dailymotion, Instagram;
- online marketplaces and comparison services such as eBay, TripAdvisor, Kayak;
- information services such as Google, Wikipedia, Yellow pages and many others.

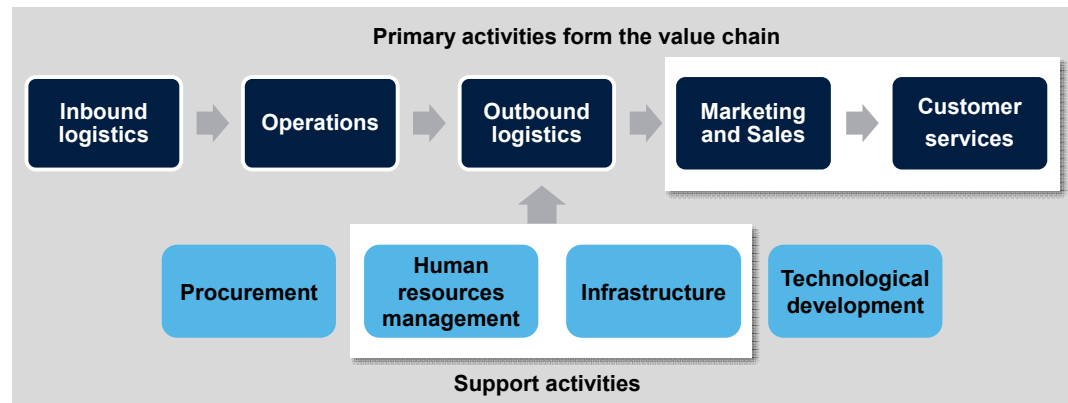
How do consumers and businesses use platforms?

Platforms are widely used by businesses and consumers for a variety of purposes

- survey of 1,500 Internet users per country
- to understand usage behaviour and perceptions of five types of online platform
- most consumers use a wide range of platforms
- consistent across countries



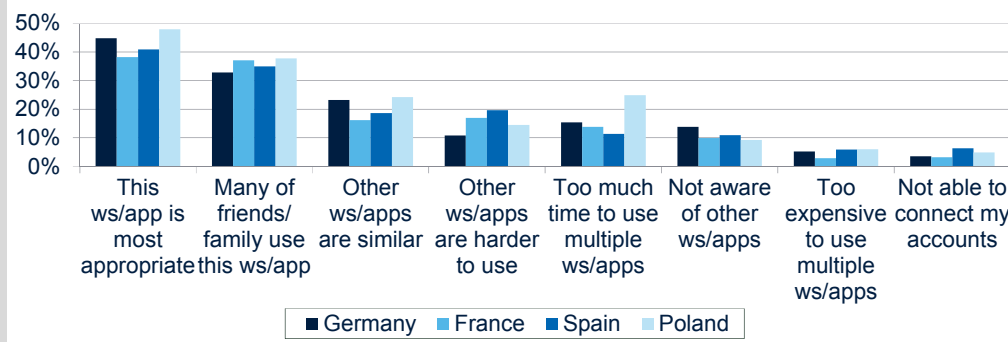
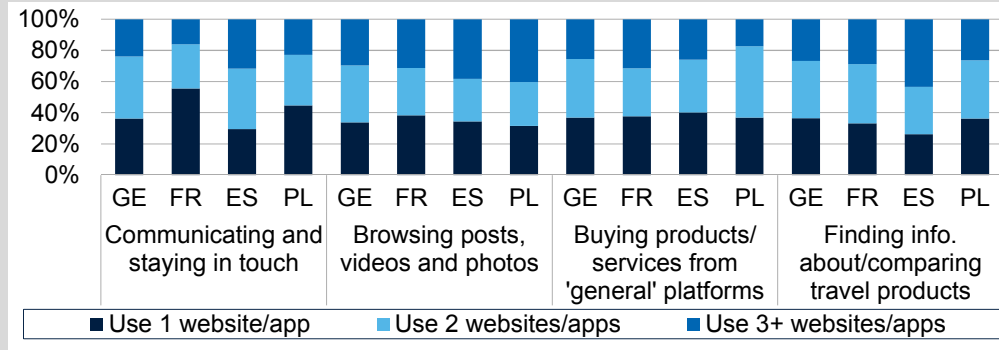
- four business processes considered
- interviews with businesses in six countries
- Marketing—social media, paid advertising (e.g. Adwords)
- E-commerce—online marketplaces, payment services
- Funding—crowdfunding (with and without financial return), social media
- Recruitment—professional networks



Most consumers 'multi-home'

Appears to be feasible for most and desirable for many

- between 60% and 70% of consumers use multiple websites or apps for specific tasks
- about 25% use three or more websites or apps
- this suggests limited potential for lock-in on the consumer side

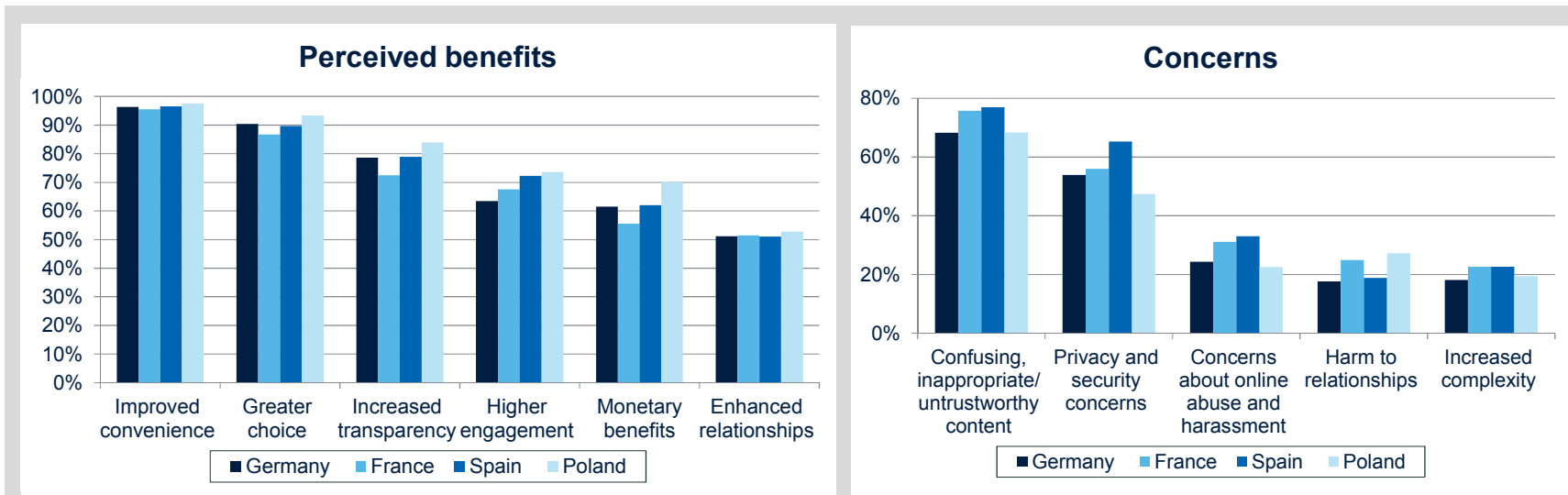


- of consumers who use just one platform for a task, very few cite barriers as a reason for 'single-homing'
- many express an explicit preference for the platform they use
- network effects also play an important role

What effects do platforms have on consumers?

Platforms provide significant benefits

Consumers perceptions are balanced, but stress benefits



- 97% of consumers perceive benefits, and just over 80% voice concerns
- 64% of consumers have a strong perception of the benefits, 36% of the concerns



Other benefits include:

- **time savings:** information platforms save their users **50–100 minutes** per month
- **monetary savings:** comparison platforms save their users **€12–€117** per year
- **social benefits:** on communication platforms, users **are connected to 81–156 contacts**, and 32–57% of users have met in person at least one person with whom they first interacted online

What effects do platforms have on businesses?

Benefits to business are diverse (I)

Different business models use platforms in different ways

Marketing

- reaching a wider audience
- advertising is more targeted, more successful
- social media can increase sales (1% increase in 'likes' leads to 0.15% more sales)

E-commerce

- enabling businesses to reach a wider market
- benefits vary (5–10% of sales in some cases; crucial to existence in others)
- reduces costs (compared to brick-and-mortar, adds to cost for others)

Funding

- wider range of projects able to obtain funding (23% of projects give no return)
- financial and non-financial returns
- link between funding campaign and other outreach

Recruiting

- platforms increase the pool of candidates
- reduces costs; advertising vacancies on platform costs 20% (or less) of print advert

Benefits to business are diverse (II)

Different business models use platforms in different ways

Online platforms reduce the effects of geographic barriers

- expand the pool of potential employees, customers and investors

Online platforms can support new and different types of businesses or products

- this could include funding a project or widening the market to support niche products

Online platforms change the cost structures of businesses

- lower staff search costs; reduce costs of posting vacancies
- lower cost of gathering customer feedback and engaging with customers
- more targeted, effective marketing; reducing the cost of acquiring customers

Contact:
Sean Thomas
sean.thomas@oxera.com
Aline Blankertz
aline.blankertz@oxera.com

www.oxera.com
Follow us on Twitter
[@OxeraConsulting](https://twitter.com/OxeraConsulting)

Oxera Consulting LLP is a limited liability partnership registered in England No. OC392464, registered office: Park Central, 40/41 Park End Street, Oxford, OX1 1JD, UK. The Brussels office, trading as Oxera Brussels, is registered in Belgium, SETR Oxera Consulting Limited 0883 432 547, registered office: Stephanie Square Centre, Avenue Louise 65, Box 11, 1050 Brussels, Belgium. Oxera Consulting GmbH is registered in Germany, no. HRB 148781 B (Local Court of Charlottenburg), registered office: Torstraße 138, Berlin 10119, Germany.

Although every effort has been made to ensure the accuracy of the material and the integrity of the analysis presented herein, the Company accepts no liability for any actions taken on the basis of its contents. No Oxera entity is either authorised or regulated by the Financial Conduct Authority or the Prudential Regulation Authority. Anyone considering a specific investment should consult their own broker or other investment adviser. We accept no liability for any specific investment decision, which must be at the investor's own risk.

© Oxera, 2015. All rights reserved. Except for the quotation of short passages for the purposes of criticism or review, no part may be used or reproduced without permission.

Strictly confidential

oxera
compelling economics