



Bolt Services ZA (Pty) Ltd

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Friday, 25 June 2021

Competition Commission of South Africa
77 Meintjies St, Trevenna,
Pretoria, 0002
Tel: (012) 762 6903 /012 762 6952

Attention: Mr. James Hodge
Per Email

RE: Intermediation Platform Market Inquiry - Statement of Issues dated 19 May 2021

Dear Mr. Hodge

We refer to the Statement of Issues dated 19 May 2021 and thank you for extending the time period for us to reply thereto until 25 June 2021.

We appreciate the opportunity to participate in the process of the Inquiry and key components thereof such as the Statement of Issues.

We reply to selected matters in the Statement of Issues and provide comments as follows:

1. 3.2. Scope Item 1 - Trends in adoption and use

The trends in adoption and use of platforms in South Africa have been impacted, and in certain instances, propelled by the COVID-19 pandemic. As much as COVID-19 has created challenges for businesses, it has also created opportunities for innovation and carving out new types of businesses and business models.

In terms of reach and access to platforms, technology remains a key barrier in conjunction with broadband and internet access as well as data prices. This inevitably impacts on access and penetration of the market as it relates to the use and uptake of platforms as well as the profile of users (i.e., market demographic).

Online food delivery platforms remain a nascent sector in South Africa despite the nature of the players in the market. The current trends being experienced will evolve further and develop different features over time. The Bolt Food platform is an online marketplace which brings clients and consumers closer together. This approach increases efficiency, reduces costs, and builds economic value. It is a key principle of the business model, which drives our approach to the market and also shapes our expansion and growth trajectory.

Since this sector is still in its infancy in South Africa, the impact of market specific interventions will be significant in terms of shaping and determining the growth trajectory going forward. Therefore, it is useful to be mindful of the fact that any interventions considered should be relative to the expected growth target and objectives for the domestic sector in South Africa. At this early stage, market determining interventions may unduly stifle growth and development and may have the adverse consequence of creating greater barriers to entry and access.

2. 3.3. Scope Item 2 - Terms of Use

The contracts and terms of use are inclusive agreements specific to different users of the platform. Bolt Food iteratively reviews and updates its Terms and Conditions and provides alerts of changes to users. Furthermore, Restaurants and couriers are guided through the terms and conditions as part of their onboarding process to use

the platform. Bolt does not offer exclusive contracts nor loyalty incentives. Users are free to access and make use of any other or multiple platforms at any given point in time, in accordance with their choice and preference. This is commonplace and does not represent conflict for Bolt, it only contributes to a more competitive market.

3. 3.3. Scope Item 3 - Costs of Entry

Technology-based services are inherently capital intensive due to the extent of innovation and research and development dedicated to developing the product, testing it in the market and continuously maintaining the quality and standard of operations ensuring that it remains responsive to the environment and agile in addressing the needs of users for such to be accessed and used on a regular basis.

Other players or prospective entrants may be disadvantaged due to access to capital and investment. However, equally so there are other avenues available such as government subsidisation and finance facilities to support market entry and platform partnerships.

Bolt Food consistently invests into the platform including measures to maintain acceptable sustainability. If user uptake is poor based on the user's experience of the platform including navigating the application to derive value therefrom, this impacts on the sustainability and feasibility of the product in the market as its appeal in the market is diminished. Therefore, useability and enhancing the experience for all categories of users is imperative irrespective of the platform. If platforms are unable to attract and retain users, the level of investment will outweigh the returns and it no longer becomes viable in a highly competitive market.

4. 3.4. Scope item 4 - Platform Conduct

Bolt Food considers the conduct of platforms critical, including upholding quality service standards. It is also a key determinant for attracting and retaining users. In this regard, consumer rights and protections are a crucial tenant. We regularly communicate with users regarding any changes in the Terms and Conditions as well as any updates or enhancements regarding features and functionalities of the

platform. It is important that consumers and all users of the platform understand the terms of use including how to navigate the platform in order to derive maximum benefit therefrom. This includes ensuring that users understand all the conditions applicable as well as recourse avenues available if they are unhappy with the level of service and products received via the online marketplace.

Market and consumer base determinations inform and shape the uptake and use of the platform including the types and availability of the product range on the platform. Bolt Food maintains a transparent approach to operations and its conduct as a platform with specific contractual agreements for each user (i.e., restaurant, consumer, and courier).

5. 3.5. Scope item 5 - Technical Capability

The technical capability of platforms impact on competition including access, use and uptake of the platform and service. There remains scope to provide tailored opportunities for selected categories of business users to facilitate access and support transformation. On the Bolt Food platform there are equal opportunities to enhance the use of the platform. Furthermore, access and visibility are equally available to all categories of business users. Therefore, the platform does not implement preferential treatment, nor do we apply other measures in favour of better rankings or positions, search functionality or discoverability for selected groupings.

6. 3.7. Scope item 7 - Appropriate Remedies

Bolt Food notes the mandate of the Commission including the Terms of Reference of this Market Inquiry. It is our considered view that remedies in respect of core platforms cannot be generalisable across online intermediation platforms. There are a vast array of different platforms and categories. It is thus inappropriate for remedies to have a broad-based application in the absence of considering the unique features, functions and nuances of the platform including its role in the specific sub-sector. Any contemplated remedies to address potential issues which may arise from or be identified during the Inquiry must be specific to the platform subsector

cognisant of the market features specific to that subsector and the impact of any remedies and interventions.

Importantly, online food delivery is still a developing sector and interventions may prematurely hinder competition and growth going forward as the market dynamics and competitive landscape are still evolving as is consumer choice and preference. Platforms such as Bolt Food must remain relevant and of value to its user base including in meeting and being responsive to market and consumer requirements. However, companies should be able to make these determinations with an understanding of their user base and the market dynamics. Therefore, the recommendations of the Inquiry will fundamentally shape and reform the market going forward at a time when it is still trying to define and identify itself in relation to the market and user base.

There are inherent limitations of the platform, and this is impacted on by market features. Interventions which prematurely define and restrict the market which has not reached its full potential and is still in its infancy and only starting to develop and take shape will unduly stifle further growth and creates further barrier to entry, competition as well as participation and inclusion therein of various role-players including SMMEs, HDPs and HDP owned firms.

General market stimulating and supporting measures and inclusive interventions which do not intervene in the independent contractual agreements between parties as well as the principle of supply and demand and market forces and dynamics should be upheld and not artificially altered by contemplated interventions.

Furthermore, any proposed remedies or recommendations should not result in the duplication of regulatory interventions, the overlap thereof or become cumbersome. This will only result in a barrier to entry and participation particularly for SMMEs and HDPs and HDP owned firms.

Any standardisation in the approach to recommendations across different platform subsectors will undermine the distinction between platforms including the unique features thereof and role in the marketplace.

7. Conclusion

Bolt Food appreciates the opportunity to provide our salient comments on selected aspects of the Statement of Issues, in order to inform and contribute to the Commission consideration of key issues and processes towards any further amendments to the Statement of Issues.

We look forward to continued engagement and dialogue with the Commission going forward and constructively participating in processes related to this Market Inquiry.

I look forward to your acknowledgement of receipt.

Kindly do not hesitate to contact should you have any further queries in this regard.

Thanking you in advance and with appreciation.

Yours faithfully

A handwritten signature in black ink, appearing to read 'J. Townsend-Rose', written in a cursive style.

Mr. James Townsend-Rose
Country Manager
Bolt Food South Africa