Platform fees now an “common industry practice,”

Prelims - *Current events of National & International importance and General Science.*

Why in News?

A Rs.2 platform fee on Swiggy in 2023 began as a trial but soon became a trend across all the e-commerce and quick commerce platform.

- **E-commerce –** It refers to ***buying and selling of goods and services online***, focuses on large inventories and scheduled deliveries.
- It includes everything from purchasing clothes and electronics to booking vacations and paying bills. For example, platforms like Amazon, Flipkart, and Shopify etc.
- **Quick commerce -** Faster and more immediate version of e-commerce.
- It caters to the growing need for speed in online shopping, ensuring deliveries within minutes to a few hours, which prioritizes speed and proximity.
- It ensures that these urgent needs are met almost instantly. For example, platforms like Blinkit, Zepto, and Instamart etc.
- **Platform fees –** These are charges imposed by online marketplaces, service providers, or software platforms for using their infrastructure and services to conduct transactions or access functionalities.
- It is now being charged across *all major food and grocery delivery platforms.*
- **Reasons cited by commerce platform –** It helps the platforms running smoothly, invest in product improvements, and continue delivering a smooth and convenient experience for users.
- **Hide trick used by commerce platform -** Companies avoid raising base prices because shoppers often compare item prices across apps before buying.
- If the visible price looks high, people might choose a cheaper option elsewhere.
- So instead, platforms add fees at checkout, where customers are already more committed.
- **Consumer’s concern -** The fees are a growing concern from a consumer point of view.
- When a product is sold on platforms, makes harder for customer to get a good deal.
- If all companies follow the same pattern of hiking fees, it might seem like they're indirectly group up to inflate prices instead of competing.
- This raises concern around anti-competitive practices, entities and platforms acting as a cartel to increase prices for consumers.
- **Transparency asymmetry–** Customers have a right to know clear information about the fees they’re being asked to pay, reduces the exploitation.

Reference

[The Hindu| Platform fees now an ‘Common Industry Standard’]