Why are indicators on online platforms needed?

Online platforms are an increasingly important feature of both national economies and the global economy. Examples are well known and can be found in an ever-increasing variety of activities including transport, delivery and logistics, accommodation, finance, household tasks and many more. While platforms are often aimed primarily at consumers, some focus on business customers.

Platforms have disrupted many of the markets they have entered. One of the most notable ways is through empowering individuals to become producers by giving them easy access to potential customers on a previously impossible scale. Measurement issues related to understanding the numbers of platform workers, their characteristics, the work they do, and so on, are addressed on page 6.6.

Policy makers need to be able to assess and compare across countries the speed with which platforms are transforming markets and the subsequent impacts on firms and market dynamics, as well as on people and communities. Economic statistics do not currently give a clear and integrated answer to key questions about the role, nature and size of platforms.

What are the challenges?

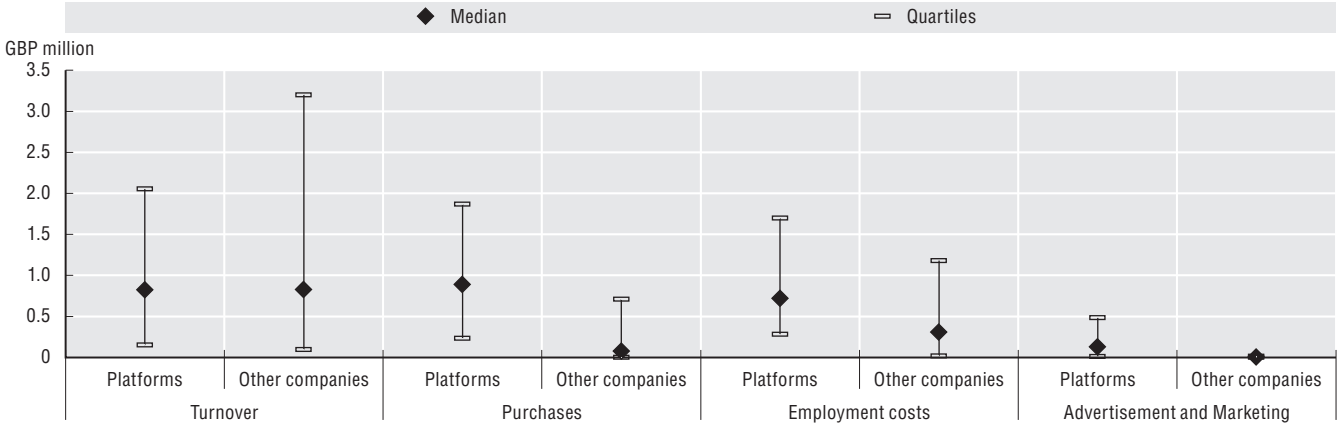
A prerequisite for robust and comparable measurement is a theoretically sound, practically implementable and internationally agreed definition. Building on work by the European Commission and others, the OECD has developed the following definition: "*An online platform is a digital service that facilitates interactions between two or more distinct but interdependent sets of users (whether firms or individuals) who interact through the service via the Internet*" (OECD, 2019).

There will also be a need for meaningful typologies of online platforms. Both the OECD and the United States Bureau of Economic Analysis have worked to develop typologies of platforms based on their activities and business models (Li et al., 2018; OECD, 2019). In addition, several private sector analysts have proposed various typologies of online platforms (Evans and Gawter, 2016; Farrell, Grieg and Hamoudi, 2018). Certain sub-populations of platforms are of particular policy interest, notably platforms that facilitate the "sharing" or "collaborative" economy. International agreement is needed on the typologies to be used for measurement purposes, as international comparisons will rely on broad adoption.

Beyond definitions and classifications, the main challenge will be obtaining data. In principle, much of the relevant information on online platform companies can be gathered in the same way as for other companies, through inclusion in business surveys. Several countries have taken a proactive approach to covering platforms; for example, the United Kingdom Office for National Statistics identified (sharing-economy) platforms and included these in the Annual Business Survey and the E-commerce survey in 2016 (Beck et al., 2017). This provided information on the platforms' turnover, purchases, employment costs and marketing expenditures, as well as their use of online technologies for comparisons with non-platform businesses.

United Kingdom Annual Business Survey variables, online platforms and other businesses, 2017

Median and inter-quartile ranges, millions of pound sterling



Note: Platforms refer here to sharing economy platforms.
Source: OECD, based on Beck et al. (2017).

StatLink https://doi.org/10.1787/888933931105

This approach relies on the platform having a physical or legal presence, such as a subsidiary company, in a country that can be contacted for survey. However, the online nature of platforms' business models means that they are often active in countries without having any formal presence there. Furthermore, large international platforms can have

complicated structures, with transactions being routed and processed in multiple ways. This can make it challenging for statistical agencies in any one country to get a holistic view of a platform's activities. Furthermore, it is likely to lead to platform companies receiving data requests from many countries. International co-ordination on collecting data from online platforms has the potential to yield better quality data and to minimise the reporting burden on online platform companies.

Experiences of gathering information directly from platform companies have varied greatly. If working relationships and collection channels can be developed, it is clear that, because online platforms are based entirely around digital systems, they are likely to hold a considerable amount of information that would be useful for statistical purposes. This includes transaction numbers and values, as well as information on the products customers buy and the prices paid (potentially useful for inflation statistics), on supplier and customer locations (relevant for international trade statistics), and other policy-relevant information such as the number of nights for which a property is rented out. However, such information is also likely to be commercially sensitive. This, and concerns about privacy, disclosure, and so on, would need to be managed in any attempt to gather statistical data from platform companies.

Other surveys might also be used to gain information on online platforms and the customers and suppliers that make transactions through them, such as ICT usage surveys, Labour Force Surveys, household expenditure surveys, and time-use surveys. Third-party data sources can also provide useful insights. For example, the JP Morgan Chase Institute used data on millions of transactions by Chase Bank clients in the United States to identify a sample who were active in the platform economy. This allowed analysing the income of individuals who are active on different types of online platforms. Key insights included an apparent high turnover of participants offering services via online platforms, indicated by 58% of the sample having platform earnings for only three or fewer months of the year, and an apparent slowing of uptake as the "traditional" labour market strengthened (Farrell, Grieg and Hamoudi, 2018). Data from tax administration systems and web-scraped data may also be of use.

Options for international action

To date, efforts to measure online platforms' activities, and the transactions facilitated through them, have been rather piecemeal and tended to focus on a specific subset of platforms (e.g. sharing economy platforms). Measurement approaches have focused primarily on business and household survey sources with administrative data in a supporting role and limited exploration of the potential of alternative data sources (e.g. web-scraped data). Such estimates could feed into Digital Supply and Use Tables (see page 2.11) and digital trade measures (see page 9.6), in which transactions via digital intermediary platforms are separately distinguished in the supply and use of products, while platforms are also presented separately from other businesses.

There is scope for the OECD and other International Organisations to establish definitions of online platforms and taxonomies of different types of platforms. This is a key step toward wider uptake of survey-based approaches and developing internationally comparable data.

The international nature of many of the biggest platforms also poses challenges for country-based measurement initiatives. Such issues are common in measuring Multi-National Enterprise (MNE) activities more generally. Platforms should also be included in any wider efforts to improve MNE measurement. In addition, the OECD should investigate the possibility of establishing an online community through which experiences, case studies and experiments can be shared and discussed.

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