TCA’s Re-evaluation Decision of the TCA: Assessing the Impact of E-Commerce Regulations on a Leading Online Marketplace’s (Trendyol) Commitments

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DSM Grup Danışmanlık İletişim ve Satış Ticaret A.Ş. ("**Trendyol**"), a leading the multi-category online marketplace in Türkiye, came under scrutiny in by the Turkish Competition Authority (“**TCA**”) for favouring its private-label (“**PL**”) products through data exploitation and algorithmic manipulation. Following the TCA’s 2021 investigation, Trendyol was required to ensure fair competition and prevent self-preferencing practices.

Subsequent amendments to Türkiye’s Electronic Commerce Law compelled Trendyol to separate PL product sales from its marketplace, by launching a distinct platform, “TrendyolMilla,” exclusively for its PL brands. In light of these regulatory developments, Trendyol petitioned the TCA to reconsider the obligations imposed under the 2023 Final Decision, arguing that the legislative changes rendered some of these requirements obsolete.

In this article we look into the details of the TCA’s Re-evaluation Decision of 2024, which provides a nuanced assessment of whether Trendyol’s regulatory obligations remain relevant under the new legal and operational framework. While the TCA accepted that concerns regarding algorithmic favouritism were no longer applicable due to the complete removal of PL products from Trendyol’s marketplace, it upheld obligations related to data usage, recognizing that access to third-party seller data remains a competitive risk. This article also examines the implications of regulatory adaptations, and the broader impact on the e-commerce ecosystem in Türkiye.

**Background of the Trendyol case on algorithmic manipulations**

Back in 2021, the Turkish Competition Authority ("**TCA**") launched an investigation into Trendyol, examining potential anti-competitive practices through algorithm manipulation and third-party seller data usage.[[1]](#footnote-2) The investigation stemmed from concerns about Trendyol's conduct in the multi-category online marketplaces market.

The investigation's background traces back to Trendyol's business evolution. Founded in 2009 as an online retailer, the company expanded its operations in October 2017 by introducing marketplace services, becoming a hybrid platform that operated both as a seller and an intermediary service provider. Through its PL business model, Trendyol developed several PL brands including TrendyolMilla, TrendyolMan, TrendyolKids, TrendyolModest, TrendyolShoes, and Nottis by Trendyol.

Through on-site inspections and analysis of internal communications from August 2017 to September 2021, the TCA identified systematic practices favouring Trendyol's PL products.[[2]](#footnote-3) The investigation revealed a “*torpil adjustment*” system that amplified the visibility of Trendyol's PL brands by applying higher multiplication coefficients to their product scores in the ranking algorithm. The company also manipulated follower counts, with its PL brands receiving a five-fold multiplication of actual follower numbers, while competitor brands received a three-fold increase.[[3]](#footnote-4)

Upon examination of Trendyol's data practices, the TCA identified additional concerns. Internal documents showed that the company had developed econometric models for sales forecasts using competitor brands’ sales data and product sales information.[[4]](#footnote-5) Third-party sellers reported instances where Trendyol monitored their best-selling items, including designs and colours, subsequently producing similar products under its PL’s at lower prices. This practice allowed Trendyol to leverage its position as a marketplace operator to gain advantages for its PL operations.

Based on these findings, the TCA imposed interim measures on Trendyol.[[5]](#footnote-6) These measures required Trendyol to stop algorithm and coding interventions that advantaged its PL products, prohibited the sharing and use of marketplace data for products under its economic integrity, and required implementation of technical and organizational measures for compliance monitoring.

The TCA concluded its investigation with its decision dated 26.07.2023 and numbered 23-33/633-213 (the “**Final Decision**”), determining that Trendyol (**i**) holds a dominant position in the market for multi-category online marketplaces, and (**ii**) has abused its dominant position through two main practices: manipulating its algorithms to favour its own products over competitors, and improperly utilizing data collected from third-party sellers on its platform for its own advantage.[[6]](#footnote-7)

**Trendyol’s commitments**

The TCA imposed an administrative fine of TRY 61,342,847.73 (approximately EUR 5.8 million) and established various obligations on Trendyol to address the identified violations through the Final Decision.[[7]](#footnote-8) These obligations included preventing algorithmic or manual interventions that could unfairly favour Trendyol’s PL products over competitors on its own marketplace,[[8]](#footnote-9) such as ensuring equal application of ranking and scoring algorithms, restricting access to PL category data in the primary product table, order table, and category tree for the data science search team, and prohibiting any manual adjustments to the algorithm for the benefit of PL products, preventing the misuse of data obtained from third-party sellers for the benefit of Trendyol’s PL operations by establishing separate teams for PL activities, implementing internal policies to avoid self-preferencing and sharing these policies with relevant teams. The decision obliged Trendyol to retain all parametric and structural changes to the algorithm models used for product ranking and brand filtering, along with all codes related to or affecting these algorithms, in a versioned and verifiable manner for a period of 3 years.

**The Impact of the New Electronic Commerce Law on Trendyol's Business Model**

Following the TCA’s investigation, Türkiye’s e-commerce regulatory landscape underwent significant changes. The rapid growth of the e-commerce sector, increasing number of market players, and expanding market shares necessitated adapting the regulatory framework to these changes. Several amendments were enacted to Law No. 6563 on the Regulation of Electronic Commerce ("**Electronic Commerce Law**") through Law No. 7416 and a new regulation was published in2022 concerning electronic commerce intermediary service providers (ETAHSs) and electronic commerce service providers (ETHSs).

The amended Electronic Commerce Law introduced specific restrictions on ETAHSs, particularly affecting large platforms like Trendyol. Under Article 2 of the Electronic Commerce Law, ETAHSs are prohibited from selling their own branded products or products for which they hold trademark rights on their marketplace platforms. This provision directly targeted the hybrid business model that had allowed Trendyol to sell its PL products alongside third-party sellers on its platform.

Specifically, additional Article 2(1)(a) of the Electronic Commerce Law imposes an obligation on ETAHSs to refrain from offering products bearing their own brands or brands for which they hold trademark rights on their e-commerce marketplaces, and from intermediating the sale of such products. This requirement aims to prevent anti-competitive effects arising from ETAHSs leveraging their market position, their influence over consumers and ETHSs, and data obtained through their intermediary activities to expand into ETHSs’ activities.

Trendyol, identified as one of the leading multi-category marketplaces in the TCA's "*E-Marketplace Platforms Sector Inquiry Final Report*"[[9]](#footnote-10), operates as both an ETAHS under the Electronic Commerce Law and an ETHS through its PL brands.

The Electronic Commerce Law mandated compliance with these new requirements by January 1, 2024. In response, Trendyol implemented substantial changes to its operational structure. By December 2023, the company launched a separate mobile application and website called "*TrendyolMilla*" to house its PL brands. As of January 1, 2024, Trendyol completely ceased selling its PL products on the Trendyol marketplace platform, transitioning these sales exclusively to the TrendyolMilla platform.

Trendyol's Request for Re-evaluation of Obligations Following E-Commerce Law Changes

To reflect these changes, Trendyol submitted a series of requests to the TCA, arguing that the obligations imposed on the company by the Final Decision, have become inapplicable due to significant legislative changes and operational adjustments.

Trendyol mainly focused on the cessation of PL product sales on its marketplace. It also argued that as of January 1, 2024, when Trendyol removed its PL products from its marketplace operations pursuant to the amended Electronic Commerce Law, certain obligations imposed by the TCA have become void. For example, with the absence of PL products on the platform, the possibility of algorithmic favouritism — where algorithms might prioritise PL products — is no longer an issue.[[10]](#footnote-11)

Trendyol also addressed specific obligations related to algorithmic neutrality. These obligations required Trendyol to log algorithmic parameters, monitor algorithm performance, and ensure that algorithms treat all sellers equally. Trendyol contended that these measures have become moot, since the algorithms lack the capability to create competitive advantages for the company’s PL brands without PL products.[[11]](#footnote-12)

Additionally, Trendyol challenged the data-sharing obligations imposed by the TCA. Trendyol explained that its PL products are now sold exclusively through a separate platform, the TrendyolMilla, rather than its hybrid marketplace. Trendyol argued that this operational separation significantly reduces the potential for data-related self-preferencing concerns. Trendyol argued that these obligations have now become inapplicable under the new operational structure.[[12]](#footnote-13)

**TCA’s Assessments of Trendyol’s requests to reconsider obligations**

TCA assessed whether the obligations previously imposed on Trendyol had become moot, through an examination separately in terms of algorithmic intervention concerns and data-related concerns in its Re-evaluation Decision.

Algorithmic Intervention Concerns

In the Re-evaluation Decision, it is noted that concerns regarding algorithmic intervention were directly tied to Trendyol's use of PL products within its marketplace. These concerns included practices such as manipulating product rankings, artificially inflating follower counts, and prioritizing Trendyol’s PL products in brand filtering screens. The TCA had previously concluded that these practices provided Trendyol with an unfair advantage, disadvantaging third-party sellers on the platform and disrupting competitive balance.

The transition of PL products from Trendyol’s marketplace to the TrendyolMilla as of January 1t, 2024 removed them from the algorithms’ scope, making it impossible for them to engage in self-preference. The TCA assessed that there is no longer a subject for the algorithms to favour, and their previously identified role in self-preferencing has become irrelevant under current conditions without PL products on the platform, in line with Trendyol’s arguments.[[13]](#footnote-14)

Despite this approach, the TCA highlighted that the obligations were not entirely moot but rather conditional upon Trendyol's operational structure. Should PL products return to the marketplace in the future, the risk of algorithmic favouritism could re-emerge. In such a scenario, algorithms might once again be leveraged to gain unfair advantages, which would necessitate reinstating these regulatory measures.[[14]](#footnote-15)

In short, the algorithmic obligations are currently inapplicable because the removal of PL products from Trendyol’s marketplace has eliminated the structural basis for algorithmic favouritism. However, their applicability remains contingent on future developments, ensuring that the regulatory framework remains proactive and responsive to changes in Trendyol’s business practices​.

Data-Related Concerns

The TCA focused on whether Trendyol’s obligations regarding data usage had become moot following its operational restructuring. These concerns derived from Trendyol’s ability to leverage data from third-party sellers to gain a competitive edge for its PL products. Despite Trendyol’s separation of its PL operations from the marketplace, with PL products now being sold through TrendyolMilla, the Board concluded that the competitive risks associated with data misuse persist.[[15]](#footnote-16)

It was emphasized that Trendyol’s marketplace still collects large amount and range of data which are commercially valuable, such as customer preferences, best-selling products, detailed sales performance metrics, and advertising activity.[[16]](#footnote-17) Such data gives Trendyol a significant strategic advantage, as it allows the company to better position its PL products in terms of design, marketing, and pricing.[[17]](#footnote-18) As such, the TCA determined that the structural separation does not establish a sufficient barrier to prevent data misuse. To address these risks, the TCA upheld the obligations it had previously imposed on Trendyol regarding data collection, usage, and separation.[[18]](#footnote-19)

The TCA also rejected Trendyol’s argument that the structural separation between its marketplace and PL operations fully resolved the data-related concerns, stating that the mere operational separation of platforms does not address the underlying issue of access to and potential misuse of data.[[19]](#footnote-20) Trendyol’s ability to collect third-party seller data through its marketplace remains unchanged, and this data can still be leveraged to support its PL operations in TrendyolMilla.[[20]](#footnote-21) Consequently, the TCA determined that the obligations regarding data usage shall remain in force as it safeguards against potential data misuse.

**Conclusion**

The TCA's decision regarding the requirements imposed on Trendyol illustrates how regulatory frameworks adapt to changes in the e-commerce landscape. While the TCA determined that algorithmic manipulation concerns became moot after Trendyol's separation of PL products to a different platform, it maintained that data-related competition concerns persist despite the structural separation. The Re-evaluation Decision reflects the TCA's nuanced approach in evaluating how different types of competitive concerns may be affected by changes in business models and regulatory requirements. By maintaining data-related obligations while lifting algorithm-related requirements, the Re-evaluation Decision acknowledges that certain competitive concerns can be resolved through structural separation, while others may require continued oversight even after such separation.

1. TCA’s decision dated 23.09.2021 and numbered 21-44/650-M. [↑](#footnote-ref-2)
2. For reference to the scope of on-site inspections, please see the TCA's decision dated 26.07.2023 and numbered 23-33/633-213 and (from here on referred to as the “Final Decision”), para. 52-74, available at: https://www.rekabet.gov.tr/Karar?kararId=a8e30f1f-5daf-4015-99bb-21b10c838dcc. [↑](#footnote-ref-3)
3. The Final Decision, para. 224, 641. [↑](#footnote-ref-4)
4. The Final Decision, para. 271. [↑](#footnote-ref-5)
5. TCA’s decision dated 30.09.2021 and numbered 21-46/669-334 [↑](#footnote-ref-6)
6. The Final Decision, para. 789. [↑](#footnote-ref-7)
7. Can Saricicek, Özlem Başıböyük Coşkun, Ayşe Sıla Koç, Berkay Ünlüsoy, Nadide Akdag, The Turkish Competition Authority concludes that a leading online marketplace manipulated algorithms and used third-party sellers’ data to favour its own private label brands and retail operations (Trendyol), 26 July 2023, e-Competitions July 2023, Art. N° 122370. [↑](#footnote-ref-8)
8. The Final Decision, para. 789. [↑](#footnote-ref-9)
9. Turkish version of the report (published on April 14, 2022) is available at: <https://www.rekabet.gov.tr/Dosya/sektor-raporlari/e-pazaryeri-si-raporu-pdf-20220425105139595-pdf> [↑](#footnote-ref-10)
10. TCA’s decision dated 11.07.2024 and numbered 24-29/689-M (from hereon referred to as the “**Re-evaluation Decision**”, para. 16. [↑](#footnote-ref-11)
11. Ibid. [↑](#footnote-ref-12)
12. ibid. [↑](#footnote-ref-13)
13. The Re-evaluation Decision, para 26 [↑](#footnote-ref-14)
14. The Re-evaluation Decision, para 26. [↑](#footnote-ref-15)
15. The Re-evaluation Decision, para. 34. [↑](#footnote-ref-16)
16. The Re-evaluation Decision, para. 31. [↑](#footnote-ref-17)
17. ibid. [↑](#footnote-ref-18)
18. The Re-evaluation Decision, para. 34. [↑](#footnote-ref-19)
19. The Re-evaluation Decision, para. 31-32. [↑](#footnote-ref-20)
20. The Re-evaluation Decision, para. 33. [↑](#footnote-ref-21)