

# MEDEDINGINGSCONGRES 2020

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# Attitudes and drivers towards (control of) big tech

## Part 1: General perspectives

# ACM's Middle Way

- **Neo-structuralism:** "ex-ante intervention mechanism to prevent anti-competitive behaviour by dominant companies acting as gatekeeper" (Benelux memorandum 2019)
- **Consumer welfarism:** ACM has always had a keen eye for factual evaluation of consumer welfare impacts
- **Mission statement:** *Markten goed laten werken voor mensen en bedrijven*

# Key point in Nicolas Petit's book: foster the discovery process

- It's risky to leave it up to powerful, established market players...
- ... but beware of CA trying to implement a market blueprint
- Digital markets: state of flux, wandering market boundaries, innovative business models, disruption of value chains

**Cue to NRAs:** make sure that newcomers (entrants, suppliers, customers, whatever!) can challenge existing value chains through intermediation and disintermediation

# Fostering dynamic and unpredictable market processes is hard for CAs

- Case in point: impact assessments (of short-term impact on consumer welfare)...
- ... leave out longer-term effects on investments, innovation, entry mode decisions (choice of business model), market disruptions

**Challenge:** Can CA exert and evaluate effort to keep/make markets susceptible to disruption by newcomers like unexpected entrants with innovative, unforeseen business models?

# Attitudes and drivers towards (control of) big tech

Part 2: Apple versus Epic Games (video intro)



## Epic Games' complaints



1. Apple monopolizes market for iOS app distribution, preventing Epic from introducing its own iOS app store
2. Apple monopolizes market for iOS in-app payment processing, preventing Epic from doing direct business with gamers

The Platform Law Blog, "Epic Games files lawsuits against Apple and Google", 17 Aug. 2020

# How to interpret this?

*DIGITAL GATEKEEPERS: Assessing exclusionary conduct*

study commissioned by Ministry of Econ Affairs and Climate Policy  
with Nicolai van Gorp (e-Conomics)

Insight into

- nature of competition in digital markets
- factors that determine when platforms have gatekeeper position
- effectiveness of ex ante versus ex post interventions

<https://www.government.nl/documents/reports/2019/10/07/digital-gatekeepers>



Starting point of the study comes from management literature

*"locus of competition expands from rivalries among similar firms...*

*...to include asymmetric competitors and firm's own suppliers and intermediaries"*

Rogers (2016)

## Competition in digital markets =

dynamic rivalry to control and challenge access to crucial nodes in value chain (access to data, content, users, etc.)

- intermediation of value chains
- disintermediation of value chains



## Digital competition perspective



- Apple is trying to maintain control over relationship with end-users
- Apart from efficiency reasons, Apple may fear that downstream developers turn into upstream rivals
- Indeed, allowing Spotify or Epic to take over commercial dealings with end-users puts Apple on the back burner

*App Store restrictions reduce risk of intermediation and disintermediation*



## Tradeoff



1. Efficiency motives: quality and security of apps
2. Defensive motives: hinder competitive strategies of firms like Epic and Spotify
3. (Pro-competitive motives: challenge dominant player in adjacent market)



## Impression



- While there are good efficiency reasons for restrictive policies...
- ... these reasons may fall short of justifying Apple's App Store policies

# A vertically integrated platform discriminates...

**if it has efficiency reasons** for doing so:

- quality, relevance of interactions, security

**if it is dominant** and has **pro-competitive** reasons for doing so:

- challenge dominant player in adjacent market (monopolopoly)

**if it is dominant** and has **defensive (anti-competitive)** reasons for doing so:

- anticipating countervailing buying power
- preventing multi-homing
- leveraging downstream network effects into upstream platform
- pre-empt (dis)intermediation by rivals
- ensuring (or blocking) exclusive data access