

HOW TO TACKLE CONCENTRATION IN DIGITAL MARKETS



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Mixed bag of effects Battle of views

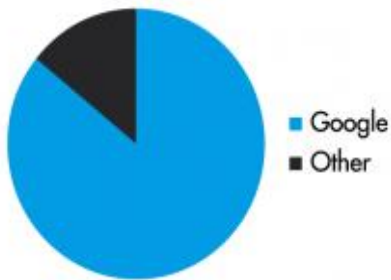


More or less intervention?

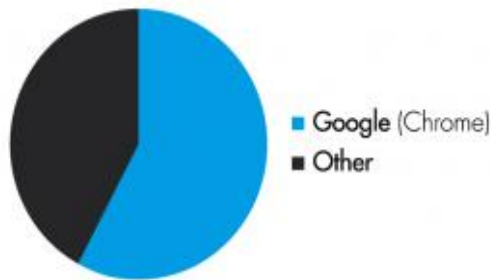
Some concentration facts

GLOBAL MARKET SHARE BY COMPANY (2017)

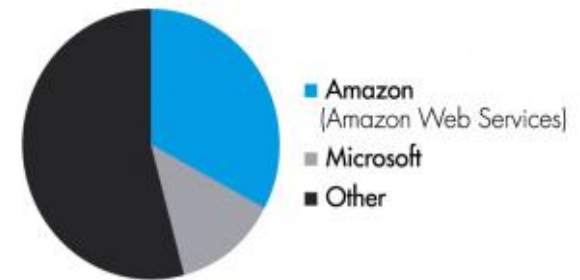
Internet search



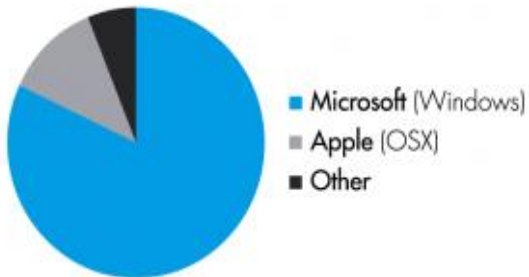
Web browsers



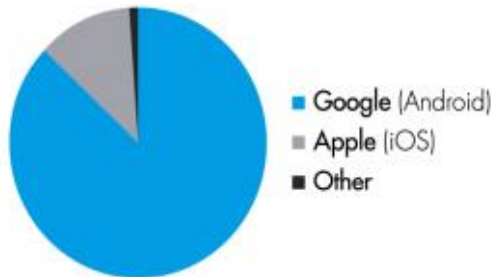
Cloud hosting



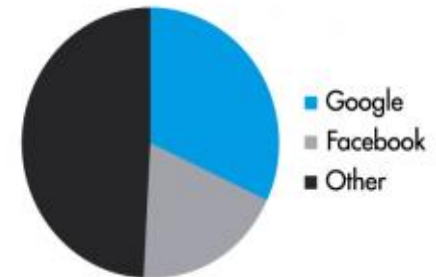
Desktop operating systems



Mobile operating systems

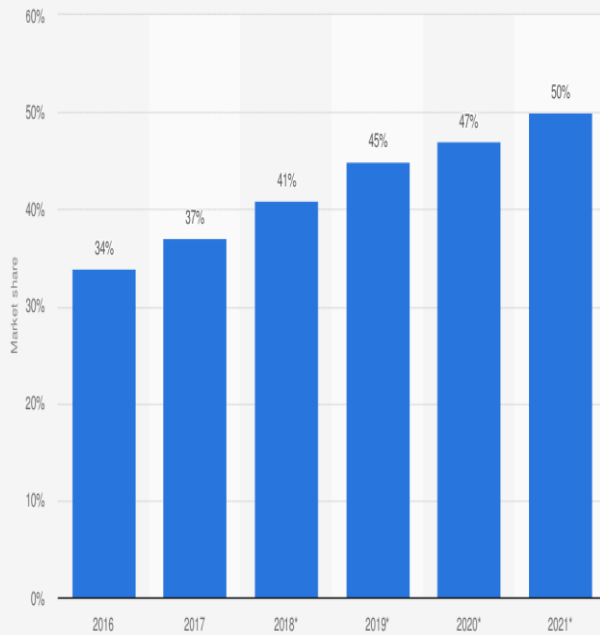


Online ad revenue



Market shares over time

Projected retail e-commerce GMV share of Amazon in the United States from 2016 to 2021

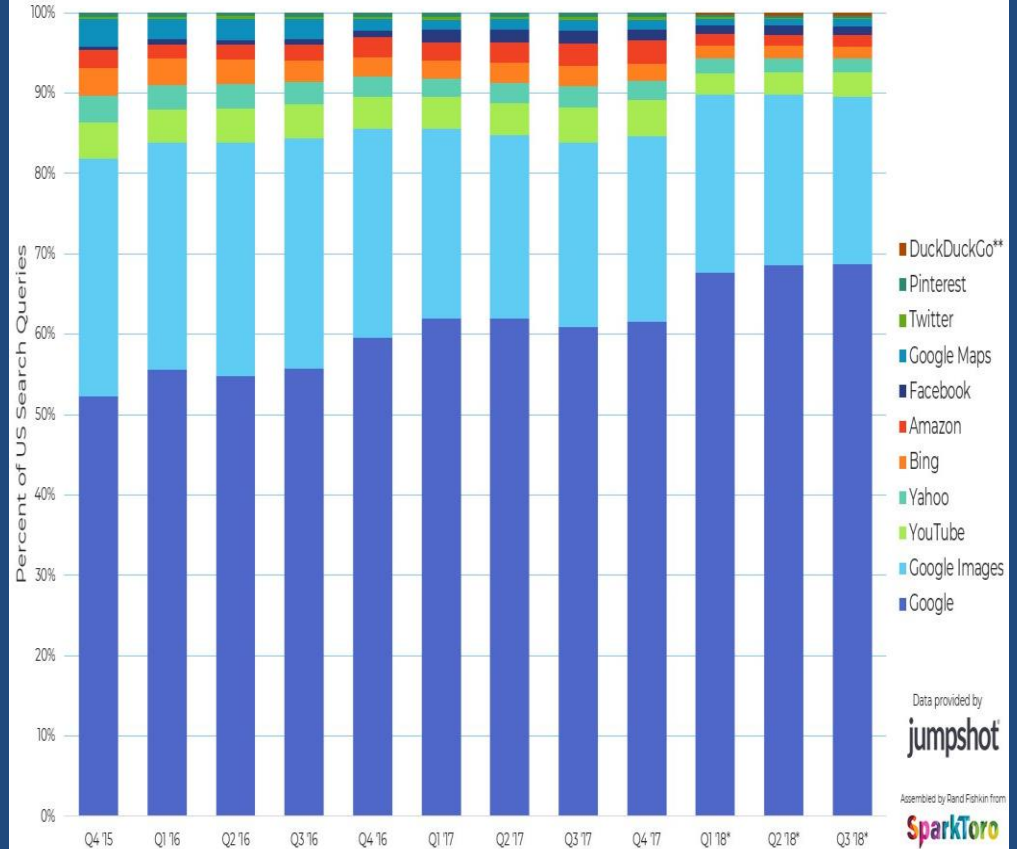


Sources
Needham & Company; Fortune
© Statista 2019

Additional Information:
United States; Needham & Company; 2016 to 2017, based on GMV

Where Americans Search the Web

(2015-2018)



Data provided by
jumpshot

Assembled by Rand Fishkin from
SparkToro

Commonly identified Causes

- Economies of scale and scope;
- Network effects of certain services;
- Barriers to entry: access to large data sets;
- The “paradox of free”;
- Limited data portability and interoperability;
- Multi-product eco-systems;
- Tying arrangements;
- Behavioral limitations;

fast-moving markets that tip towards a winner

Why should we care? Hipster:

- Harder for new companies to enter or scale up
- Could impede innovation
- Raise prices, reduce choice, impact quality, give up privacy or require more attention
- Digital markets not living up to their potential

Some Qualifications: Is there no competition? (Petit)

Areas of online rivalry (Dolmans and Pesach)

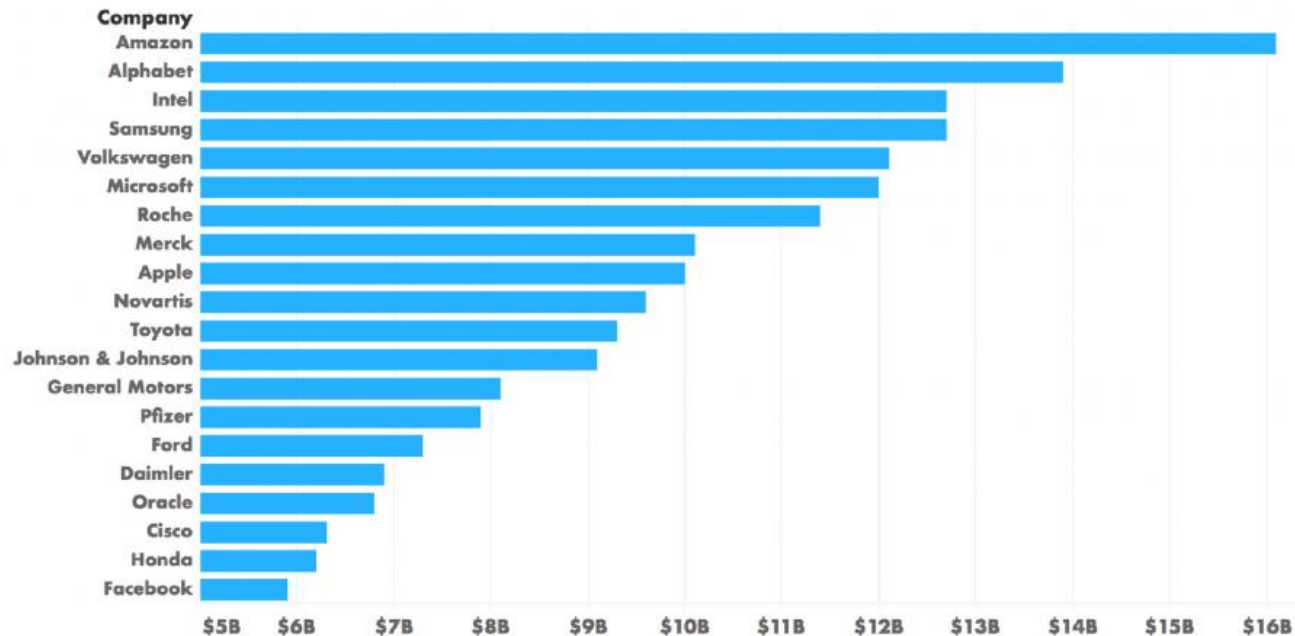
Product	Amazon	Apple	Facebook	Google	Microsoft
advertising platforms	✓		✓	✓	✓
artificial intelligence	✓	✓	✓	✓	✓
browser	✓	✓		✓	✓
cloud services	✓			✓	✓
digital assistants	✓	✓	✓	✓	✓
ebooks	✓	✓		✓	
email and messaging		✓	✓	✓	✓
games	✓	✓	✓	✓	✓
general purpose search engines				✓	✓
home delivery services	✓			✓	
maps		✓		✓	✓
office tools		✓		✓	✓
operating systems	✓	✓		✓	✓
smartphones	✓	✓		✓	✓
social networks			✓		
special purpose search engines	✓	✓	✓	✓	✓
streaming video	✓		✓	✓	
video and music distribution	✓	✓		✓	
video conferencing		✓	✓	✓	✓

Some qualifications

Competition over attention (Evans)

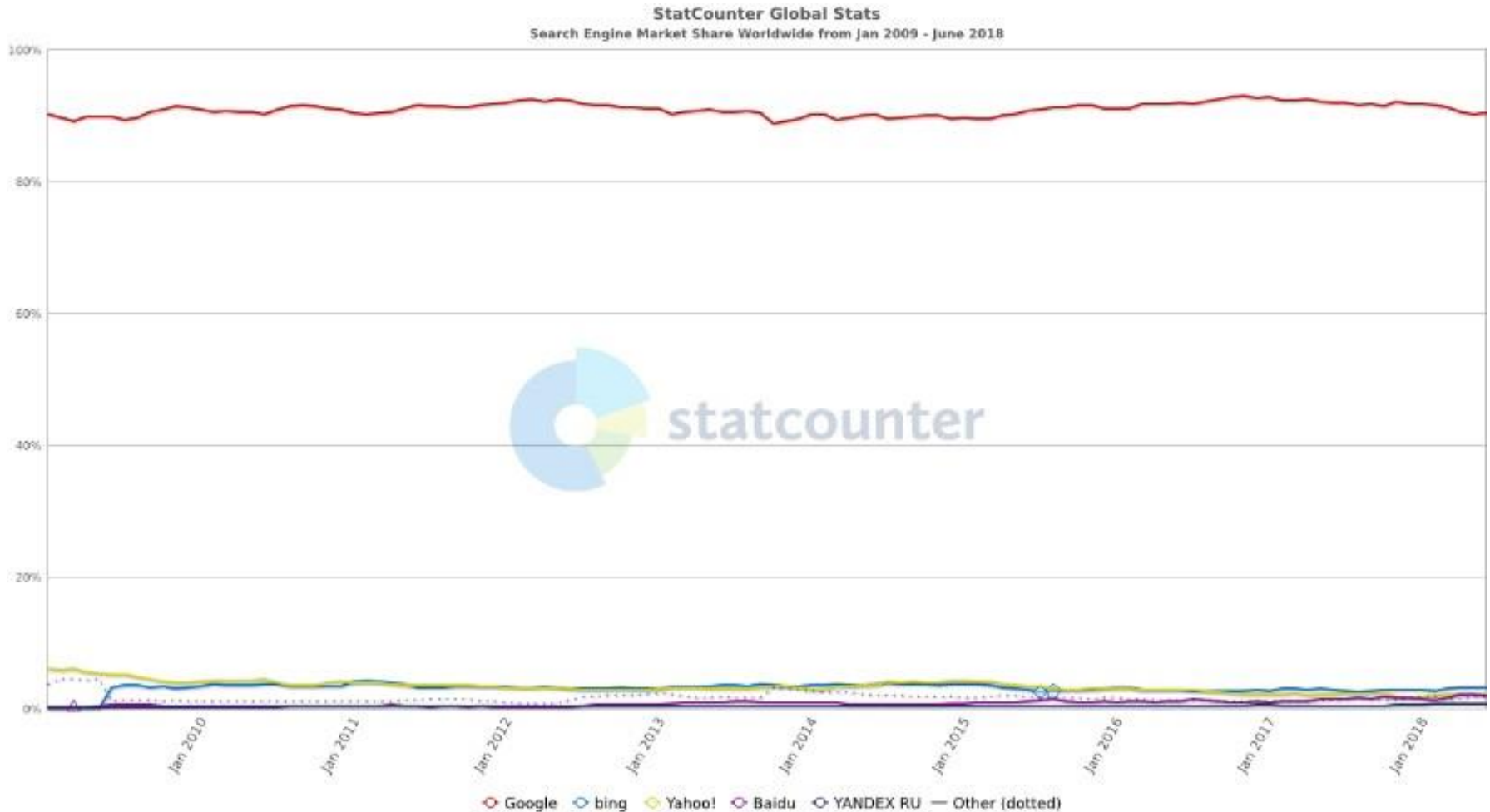
Investments in innovation

REVENUE SPENT ON R&D BY COMPANY (2017)

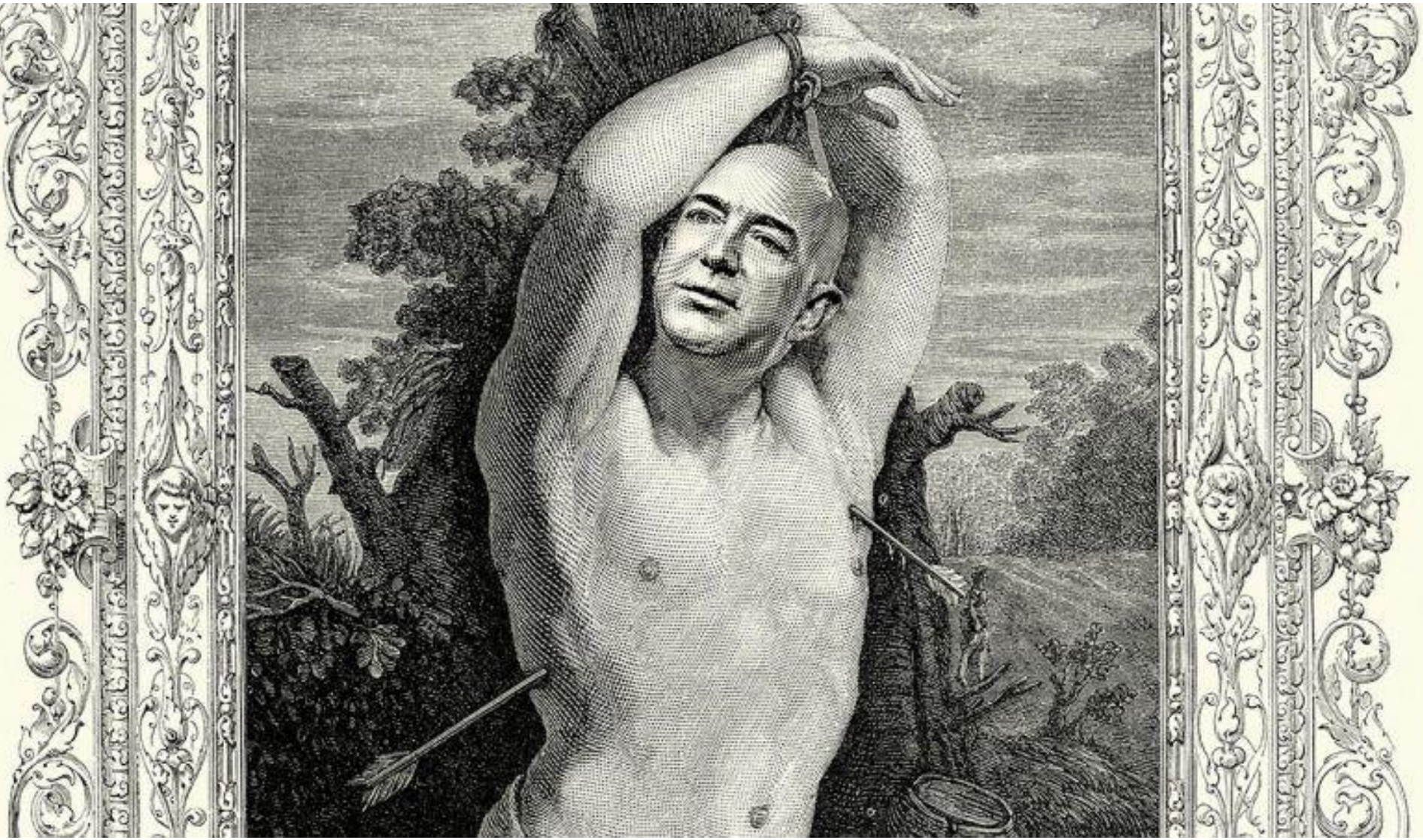


Source: Statista

Stable status-quo?



Potential solution?



A typology of solutions: Structural

- Break-up (Warren)
- No self dealing (India: Amazon)
- Prohibit growth
- Killer Mergers



Behavioral Solutions

Mandated access to data

Widen definitions of market power

Stricter rules for unilateral conduct

Attempt to monopolize



Procedural Remedies

- Speeding up enforcement
- Lower judicial review standards
- Change assumptions
- Change burdens of proof

International aspect?

