



Rethinking power in competition law: insights from the underlying economics

2nd UCL and White & Case Brussels
Autumn Competition Law Conference

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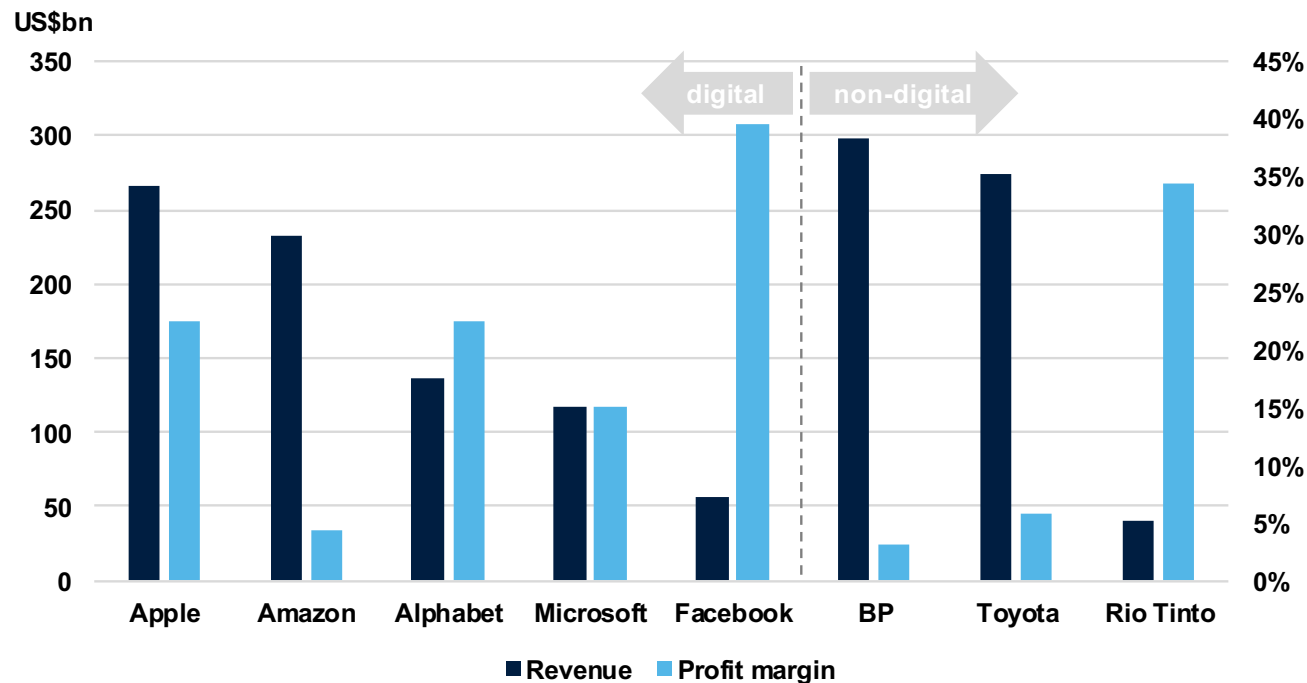
21 November 2019

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Digital platforms and large firms in other industries

Revenues and profits

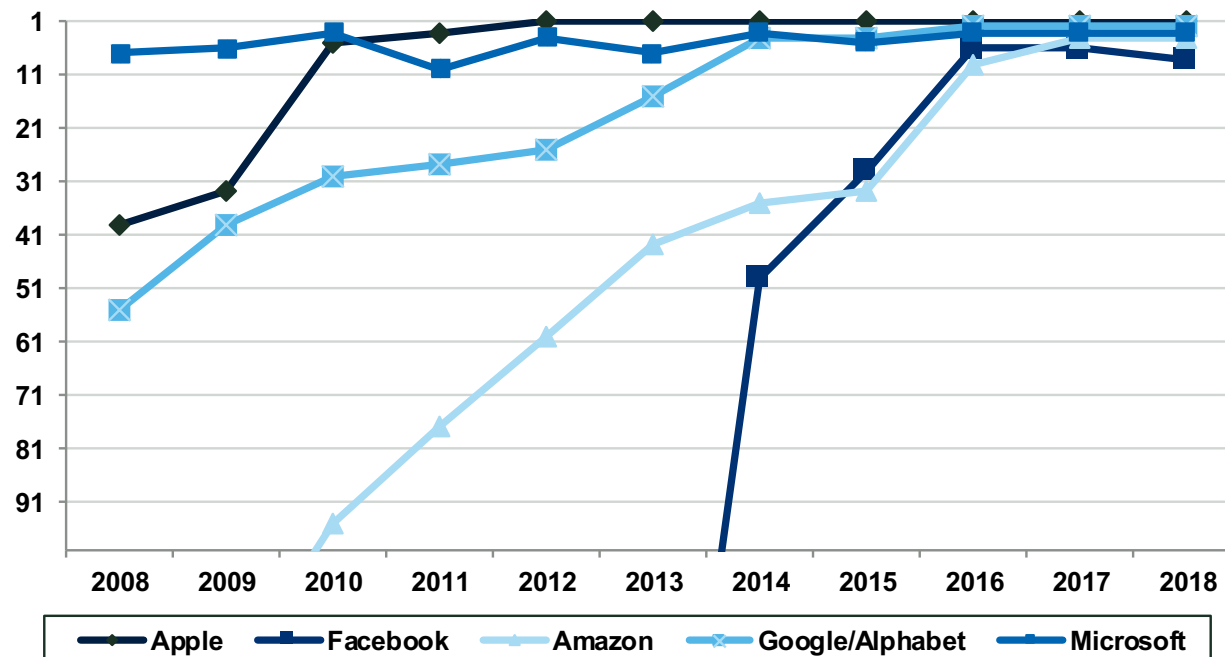


Note: Information corresponds to 2018.
Source: Oxera based on Refinitiv data.

Are the digital players different?

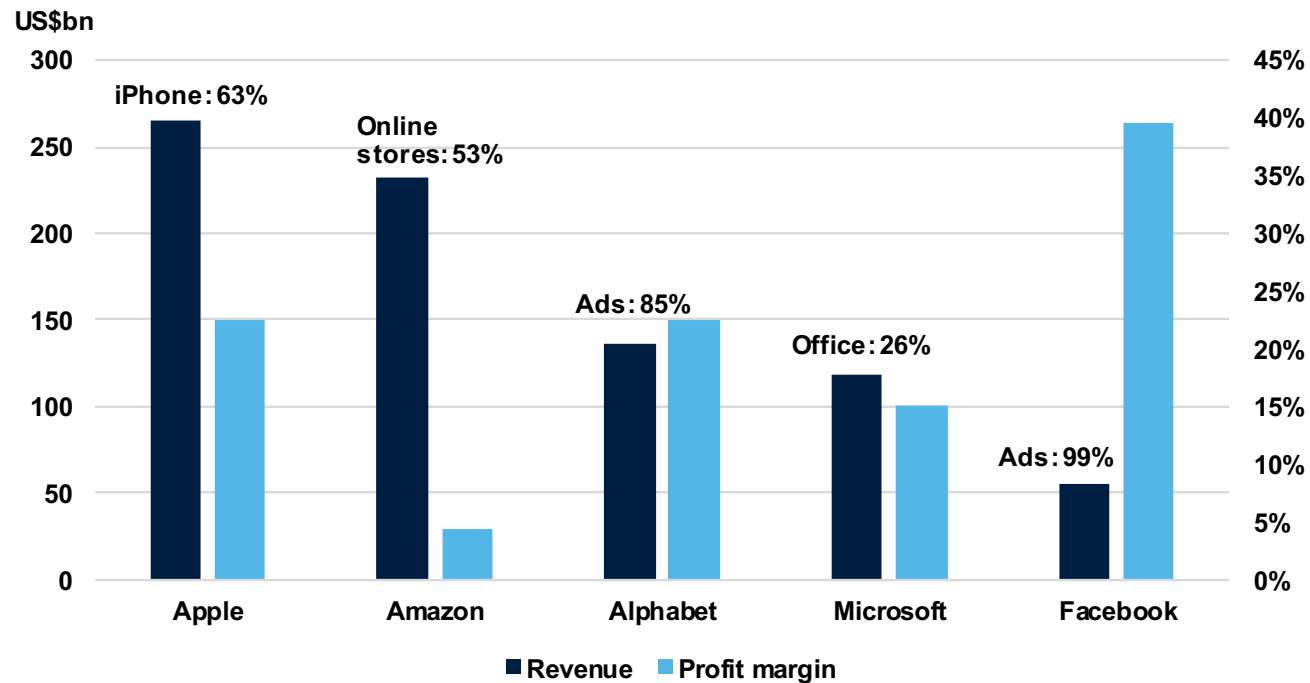
Digital platforms' market value

Global ranking in terms of market capitalisation



Source: Oxera based on FT500 and KPMG.

What do they sell?



Note: Information corresponds to 2018.
Source: Oxera based on Refinitiv data.

Where does the power come from?

Market definition

- what are the underlying markets?
- two-sided demand
 - businesses are buying (targeted) consumers' attention
 - consumers are 'buying' content (and businesses' products)
- supply-side substitution
 - data gathering, combination and analysis is key input to new services
 - does it broaden the horizontal market or is it a vertical issue?
 - controlling the customer demand controls the value chain

Remedies?

- standard competition economics tools take us a long way in identifying issues, but it may be that the standard remedies are not seen to resolve them
- are there enduring strategic barriers to entry protecting power?
 - are these underpinned by exclusionary actions or are they the competitive reward for winning the network effects game?
 - in markets with strong network effects, 'switching' remedies may have little impact on outcomes
- is the problem that there is 'the wrong sort' of competition, or that we determine that some output is a bad and not a good?
 - ex ante remedies?

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