



Platform Competition

Yo Sop Choi

BA, MA, LL.M, LL.M, PhD



Roles of Platforms & Competition

- 'Multi-sided market' and platform – various intermediaries
- Online agents or catalysts (functioning as an interface) – important assistants in mobile
- The recent issues of mega or super platforms – not easy to find small platforms in the mobile OS
- Emerging business models – creating new markets (combinations of software, middleware and hardware), leading to dynamic efficiency and consumer welfare
- Inter-platform competition and intra-platform competition

- **Pros**

1. *Collecting and analysing data*, enabling undertakings to better compete & create efficient outcomes
2. *Platform competition for consumer welfare improvement*, by providing information about prices and qualities of goods and services, e.g., Expedia and booking.com (prices) & TripAdvisor and Yelp (qualities)

- **Cons**

1. *Facilitation of collusions* between competitors (upstream level)
2. *Abuses of market dominance*, e.g., a concern about the creation of mega platforms and entry barriers as a result of network effects

Some Discussions (Nothing New!)

- Concerns about exclusion by mega platform (pre-installed apps) – against app makers and service providers or potential developers (Edelman & Geradin 2016) – some discussions whether this is really exclusionary
- Some limits on competition law (Gal & Elkin-Koren 2017)
 1. Competition law is not a legal tool to control the price decision for the market access
 2. It is somewhat difficult to define the relevant market or prove the existence of monopoly power in the circumstances of dynamic evolution

- Business practices of mega platform (anti-fragmentation) may induce the creation of upstream and downstream level platforms by providing better terms of access – the improvement of inter-platform competition by preventing free-riding
- Then, an important question may arise – should we create a compatible OS like one-size-fits-all type? Is an incompatible model a violation of competition law?
- Different objectives and cultures of competition law and policy, but the classic of economic theories relating to vertical restraints does matter in new economy!

Thank you!

E-mail: yosopchoi@hufs.ac.kr

