ANTITRUST ISSUES ON BIG DATA

Concerns and Counterarguments 1

- stylized fact
  - Dominant online platforms have much more amount of accessible Big Data than entrants

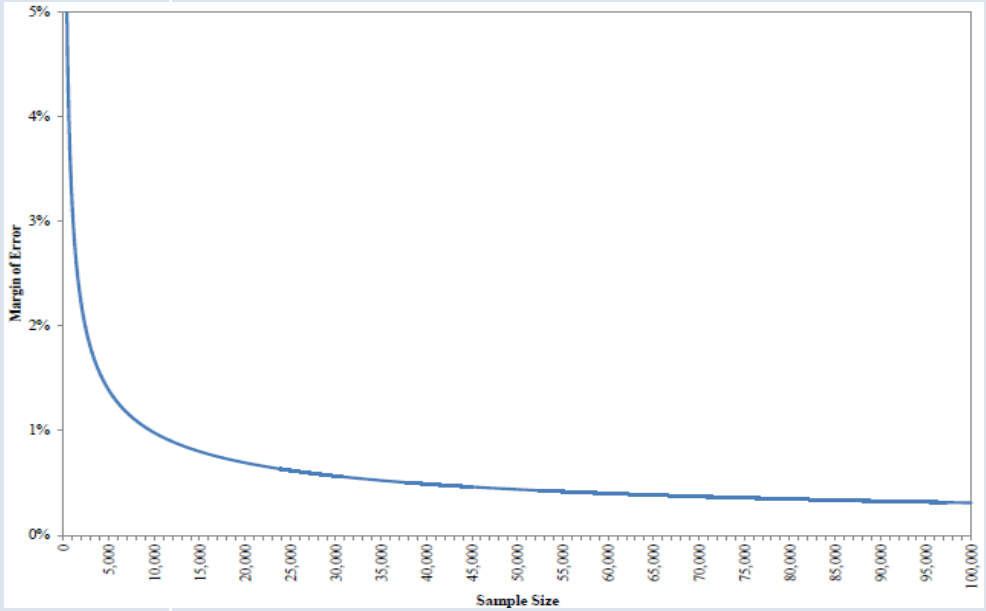
- Some concerns on Antitrust
  - Big Data plays a role of entry barrier
  - lessening the degree of competition
  - alleviating the incentive for innovation of entrants as well as dominant platforms
  - may incur a privacy issue

⇒ antitrust law should be applied for the issues on Big Data

- Counterarguments
  - need to understand how online platforms use Big Data
  - need to consider the 2-sided business model for applying the antitrust law (holistic approach)

Concerns and Counterarguments 2

topic	concerns	counterarguments
Amount of Data accessible	• Because of amount gap of data and quality gap, the entrants cannot play a role of competitive constraints to incumbent dominant online platforms → the incentives for innovation or quality improvement of both entrants and incumbents are lowered	• Data is everywhere and cheap • Data is just one of inputs - UI and business model more important • Short lifespan of value of Data



Concerns and Counterarguments 3

topic	concerns	counterarguments
The Incentives for Innovation	• loss of quality theory - increasing online advertisement degrades quality of search service	• decreasing online advertisement degrades quality of search-based advertisement service - give up pursuing profit?
Network Effect	• feedback loop creates winner-take-all - more users → more data → quality higher → more users - more users and data → more ads → more investments for quality → more users	• Data is just one of inputs - UI and business model more important • advertiser chooses platforms with more users, but users not choose platforms with lots of ads → the intensity of feedback loop weakens
Privacy	• dominant online platforms have no incentives for privacy protection	• privacy protection is one of the non-price competition factors - can compete for transparent privacy protection policy

Concerns and Counterarguments 4

topic	concerns	counterarguments
Cases	• Google/DoubleClick - (Jones Harbour, 2007) privacy protection issue should be examined under antitrust law • Bazzarvoice/PowerReview - (DoJ and trial court, 2014) no evidence for efficiency enhancement	• MS/Yahoo! - (DoJ, 2010) more data can improve quality of search service → can be a competitive constraint to Google • Publicis/Omnicom - (EC, 2014) competition for big data analysis service may occur