

Market Power and Market Definition in the Digital Economy

*Public and Private Enforcement of EU
Competition Law in the Age of Big Data*

Project COMP.EU.TER

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From market definition to market power

- STEP 1: identifying the RELEVANT MARKET (RM)

Where the firm operates in terms of product/services and geographically

- STEP 2: determining the MARKET POWER (MP)



Significant
MP

The firm's share in the relevant market (through **market shares** of the firm under scrutiny, of its rivals, entry barriers...)

Contributors to digital sector MP

Network effects

Costs and economies of scale

Multi-homing

Economies of scope and other linkages across markets

Switching costs

Brand effects and consumer behaviour

Product differentiation

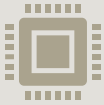
Lack of countervailing buyer power

DATA

From the digital economy to the case of data



Certain features of digital markets raise significant challenges to conventional methods of measuring market power.



1. the surge in the significance of data within business models.
2. The prevalence of a zero-price scheme in two-sided markets.



Data may not only confer market power on those who collect it but also challenge established tools employed to for assessing and measuring MP in antitrust analysis.

Data market definition



The relevant market of the firm is the market of the product/service that the firm is going to realize by using the data (extracting information)

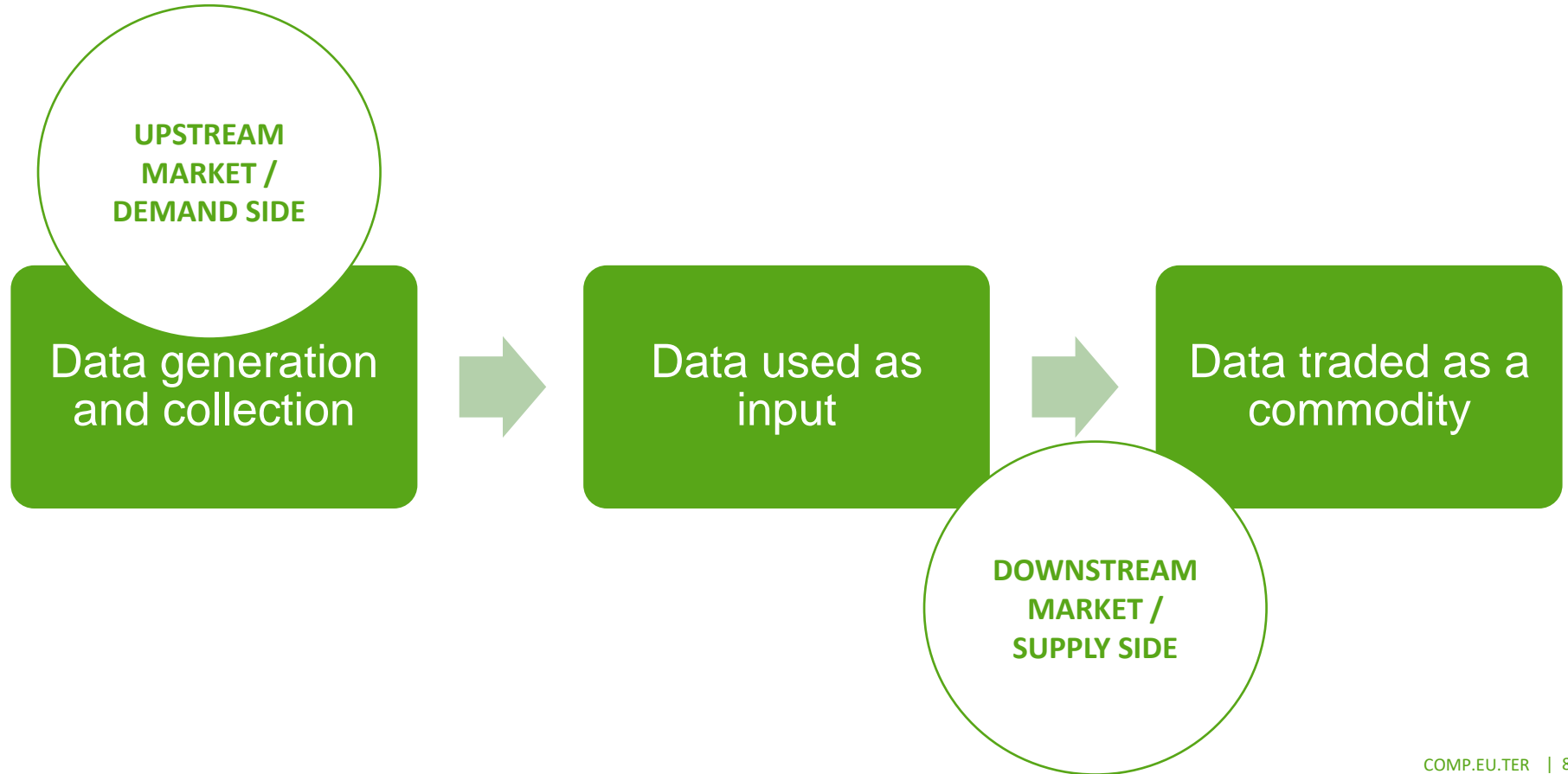
Other factors to consider

- Availability of data
 - A same information can be found using different data (e.g. search engines requests, social media analysis, purchasing data on online platforms, etc.).
 - This may mitigate market power linked to the holding of vast amount of data
 - However : need to assess whether data are really substitutable -> do they allow exactly for the same use? Case-by-case analysis
- Volume and variety of data
 - Volume and variety is not always a necessity; there can be a level beyond which the usefulness of data remains constant

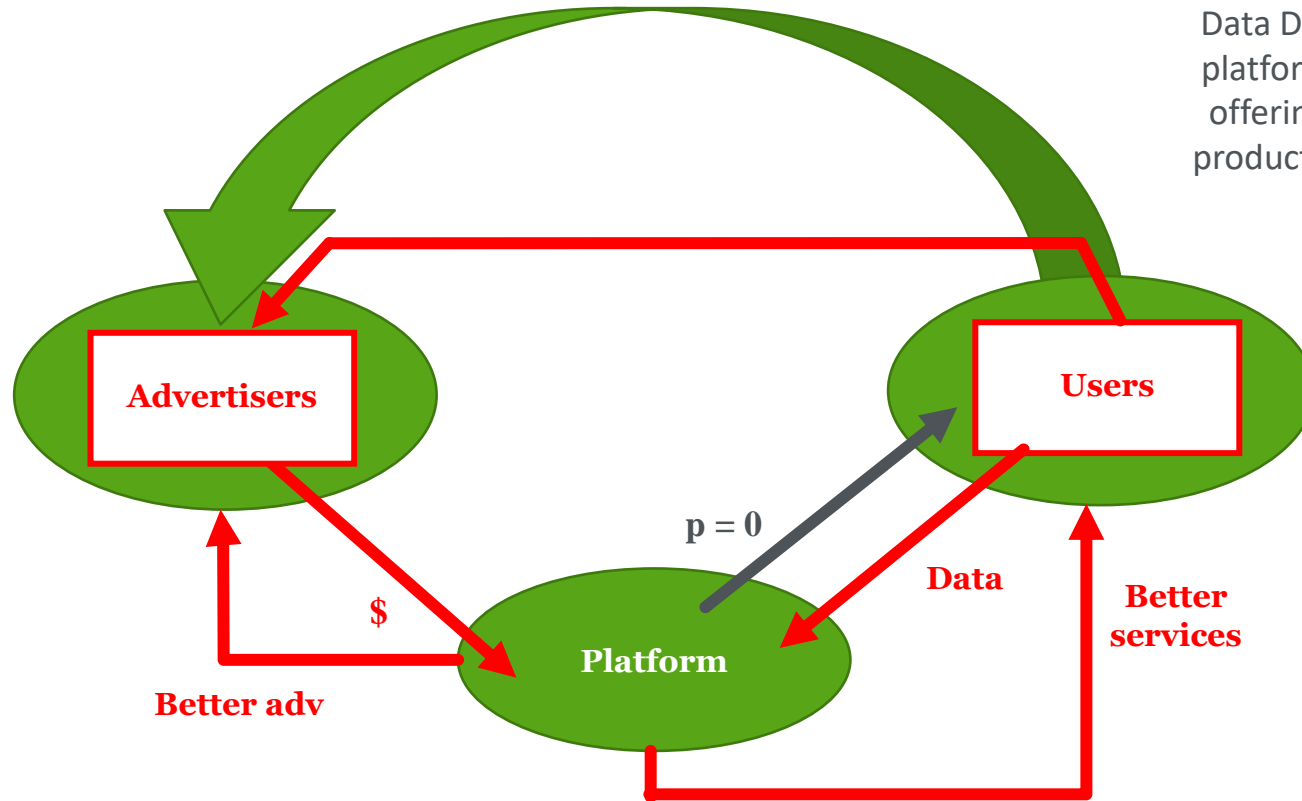
Unlocking MP: the role of data

- Data as a source of SMP (?):
 - Firms wielding extensive datasets, coupled with advanced technology for storage, mining, and analysis, derive significant market power (?).
- Exploring correlations: does data control shape MP?
 - Is there a discernible correlation between a firm's market power and its possession of data?
- Method:
 - Each stage of the data-value chain will be scrutinized as distinct markets, providing an understanding of the relationship between data and market dynamics.

Data-value chain



Data can work as barriers to entry, protecting markets for products or services



Data DO reinforce the platforms positions in offering services and products on both sides

Concluding remarks

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