



# **EMERGING ISSUES UNDER THE COMPETITION LAW REGIME**

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# DIGITAL ECONOMY

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# BIG DATA

- 3 'V's – Volume, Variety, Velocity - Value
- Benefits
  - Improving existing products and services
  - New business opportunities
  - Focused advertising and marketing
  - Customer's benefits

# DIGITAL ECONOMY

- Unique economic features
  - Strong Network effects
  - Economies of scale & scope
  - Price discrimination enabled by technology
  - Near zero marginal costs, Low distribution costs
  - New conglomerate structures
  - Data based competition – and advantages
  - Concentration tendencies
- Rise of platform based business models – change in structure of industries

# PLATFORM BASED BUSINESS MODELS

- Intermediation and Advertising platforms
- Transaction and non-transaction
- Two-sided and multi-sided platforms
- B2C and B2B platforms
- Hybrid platforms

# DATA AS INPUT

- Data availability & analysis
- Improvements and Innovations – Economies of Scope
- Customization – feedback loops
- Advantages to ‘data-rich’ companies
- Information Asymmetries

# NETWORK EFFECTS

- Positive and negative
- Direct and indirect

# ZERO PRICE PRODUCTS

- Where price to customers is set to zero
- Zero price Business models
- Zero price  $\neq$  free
- “Zero price effect” / “Free effect”
- Competition law for zero price products



# NEW CONGLOMERATE STRUCTURES

- Data from different markets pooled by single company
- Supply side factors
  - Economies of scope
  - Building of Brand
- Demand side factors
  - Consumption synergies
- Competitive impact – anticompetitive conduct or efficiency gains?

# ISSUES FOR COMPETITION LAW

# ISSUES

- Defining relevant markets
- Assessment of abuse
- Anticompetitive Agreements
- Merger review

# ABUSE OF DOMINANT POSITION

- Data, Market Power and Dominance
  - Market Definition & Share
- Network effects
- Entry Barriers
- Applying Essential Facilities Doctrine
  - Data Access & Analysis

# MERGER REVIEW

- Data-Driven Mergers – Effect on
  - Quality of Product
  - Data Sources and processing
  - Value of Data
- Defining Thresholds
- Network Effects

# COLLUSION AND CARTELS

- Use of Algorithms – comparison, monitoring and pricing
- Collusion – Meeting of Minds
- Cartels

# CONSUMER WELFARE

- Privacy Concerns
  - Overlap between competition, privacy and data protection laws
- Information Asymmetry