

How platforms create value for their users:

implications for the Digital Markets Act

A study commissioned by
the Computer and Communications Industry Association

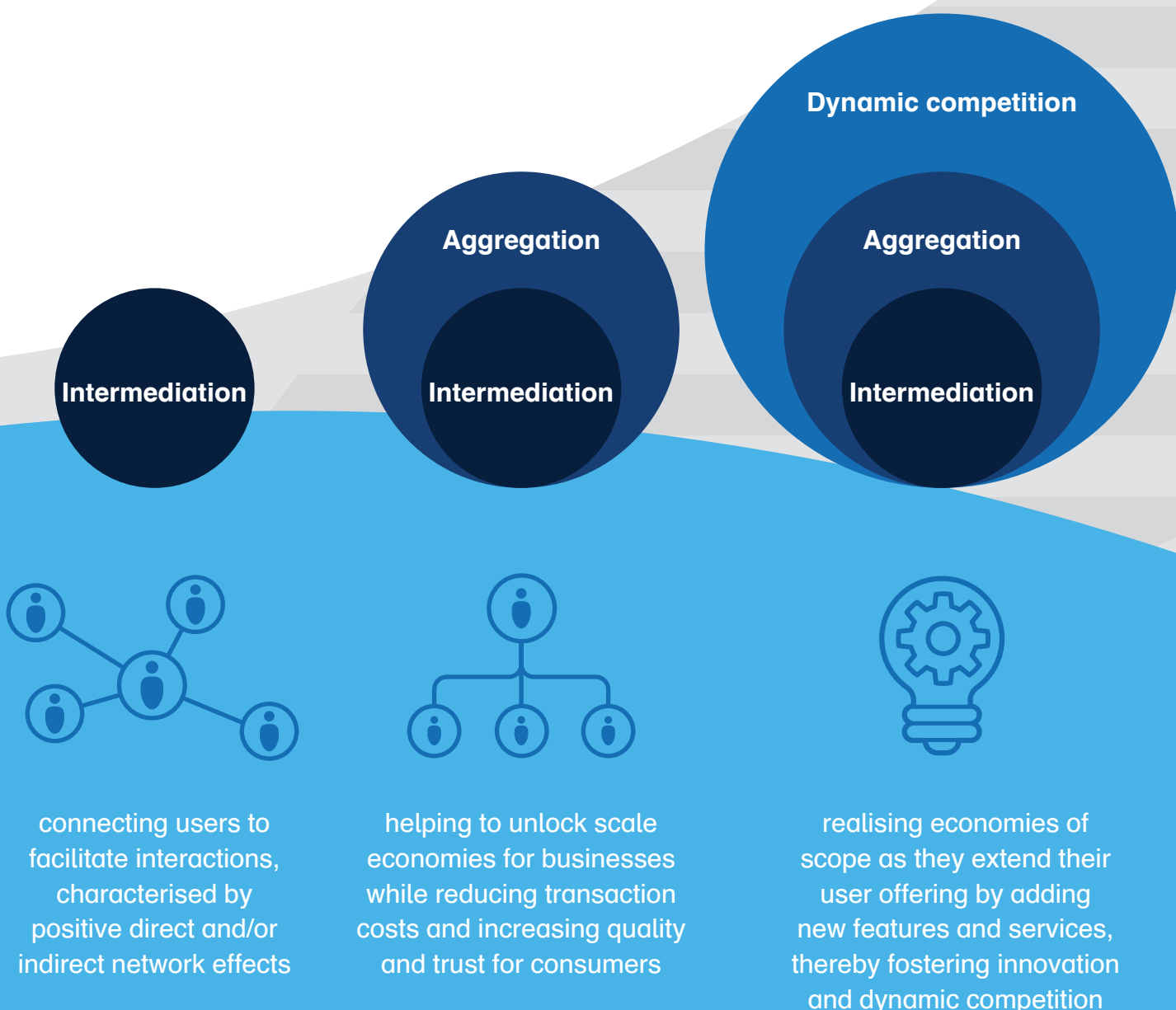
The DMA **risks over-enforcement** by restricting a series of common business practices, found offline as well as online, that can have net positive effects for society.

In particular, the DMA's 'catch-all' and 'per se' approach to prohibiting a range of value creating behaviours **risks stifling the growth** of Europe's digital economy.

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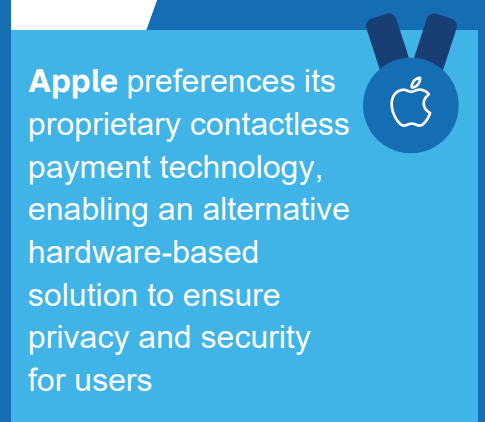
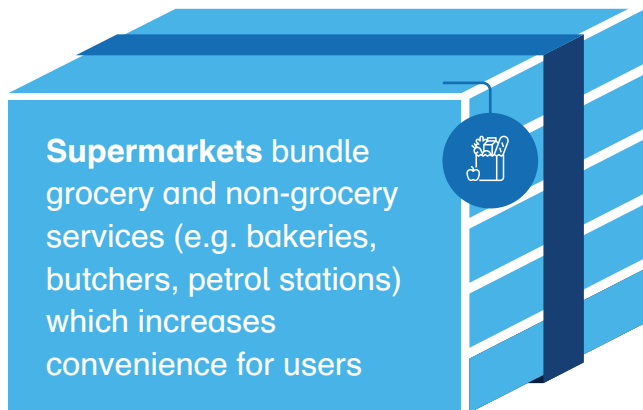
Platforms unlock benefits for users across three layers of value creation

The economics, management science, and information technology literature shed new light on how platforms compete by creating value for consumers and business users

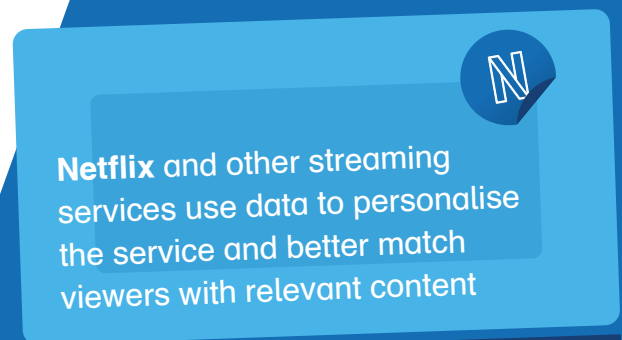


This value is created through practices that are common both online and offline

bundling and tying



leveraging



Case study: Google Maps

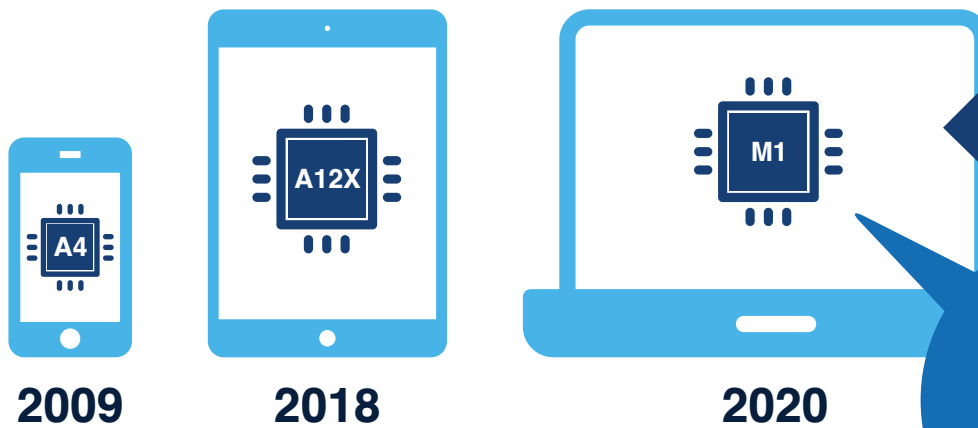
A richer search and mapping experience benefitting consumers and local businesses



Case study: Apple Silicon

An innovative in-house design enhancing quality for users and opportunities for developers

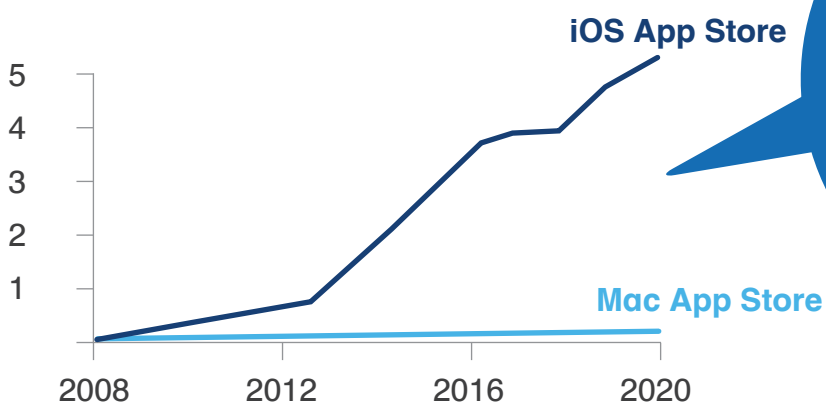
Leveraging: Apple is transitioning the Mac line from Intel to its in-house 'Apple Silicon' chipsets. Users benefit from technologies developed for iPhones, such as energy-efficient chips which extend battery life



This new design has a similar architecture to iPhone and iPad chips

Self-preferencing: Apple gains flexibility and agility in adapting future products to changing consumer tastes

Apps available in App stores (millions)



Bundling and tying: developers can create Mac-specific apps by applying simple tweaks to pre-existing iOS apps. Mac users will benefit from better integration with iPhone apps

The DMA creates a risk of over-enforcement

Restricting common business practices, found offline as well as online, risks stifling the growth of Europe's digital economy

1

The 'catch-all' scope is inconsistent with the wide range of differentiated platform business models

2

The 'per se' nature of the obligations risks over-enforcement, restricting practices that can create significant value for consumers

3

The focus on contestability and fairness in the short run appears to be at the expense of long-run dynamic competition and innovation

Recommendations:

Adopt a more flexible and tailored approach

- **drop** the 'catch-all' and 'per-se' approach
- **align** with competition law principles
- **include** an effects-based assessment of the conduct and remedies
- **provide** a route to appeal on the merits
- **draw inspiration** from the European telecoms regulatory framework and the Digital Markets Taskforce's proposals in the UK

Download our full report for CCIa at:
www.oxera.com/how-platforms-create-value

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