Appendix K: Potential interventions in social media

Introduction

1. As set out in Chapter 3, Facebook appears to be subject to limited direct competition from close substitutes. Rather, successful entry in this sector over the last ten years has tended to be characterised by the development of more specialised consumer services that are differentiated from incumbents such as Facebook.

2. This appendix sets out potential interventions to address concerns identified in Chapter 3 regarding the social media sector.

3. At this stage, we are focusing on measures to address the strong network effects of social media platforms by increasing the capability of users to interact with consumers active on a different platform. In particular, this appendix considers whether making systems interoperable, whereby data can be transferred and interpreted across systems and applications, can help increase competition.

Interoperability and data mobility across social media

4. As set out in Chapter 6, the Furman Review recommended that its proposed Digital Market Unit should pursue measures to increase interoperability and greater personal data mobility where this will deliver greater competition and innovation.

5. At a high level, platform interoperability refers to the ability of platforms to exchange data and different forms of functionality to work effectively across different platforms. Interoperability can help competition by enabling the positive network effects stemming from the large userbase of an incumbent platform to extend to other platforms. This allows developers to build new propositions that are compatible, and possibly compete directly, with existing platforms. Increased interoperability could therefore place new entrants on a level footing with large incumbents, making the market more contestable. This would help to facilitate competition on the merits rather than on the size of the installed base.

6. Furthermore, as set out in Chapter 3, social platforms hold a range of data about their users. This can include information about who they are connected

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1 ITU discussion paper: Interoperability, June 2015
2 Competition Policy for the Digital Era, 2019
3 Joshua Gans – Enhancing Competition with Data and Identity Portability, June 2018
to – known as the ‘social graph’ – as well as other data such as a user’s messages, photos and videos. Increased interoperability could give consumers the freedom to effectively utilise their data with competitors or intermediaries. It therefore has the potential to facilitate consumer choice in platform markets and foster greater innovation.

7. The benefits of interoperability are illustrated by Facebook’s decision to develop an interoperable solution across its messaging services. Facebook submitted that it wants to make it possible for its users to reach friends irrespective of which Facebook app they are using, by enabling its users to communicate across applications.

8. Many social media platforms, such as Facebook and Twitter, already allow for some data mobility through open APIs and Facebook submitted that it already operates a largely open source environment. However, the functionality currently enabled through API access, the conditions associated with the provision of such access, as well as changes to the functionalities and permissions over time can have a significant influence over the level of competition in these markets.

9. The level of interoperability required to meet different objectives can vary significantly. The EU Commission’s report, Competition Policy for the Digital Era,\(^4\) identifies different types of interoperability interventions, ranging from data interoperability, often referred to as data mobility, to full protocol interoperability. Each of these types of interoperability carries with it both benefits (in terms of overcoming network effects) and potential costs (in terms of increased homogenisation and reduced choice) to competition. Careful consideration should therefore be given to which of the various features and functions of social media platforms it would be appropriate to make interoperable to improve competition.

10. In this section, we first summarise stakeholder views on the potential for increased interoperability in social media platforms, before presenting some options for increasing interoperability over different functionalities.

**Stakeholder views**

11. Most respondents to our statement of scope who addressed the issue of interoperability submitted that it is preferable to require truly interoperable

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\(^4\) Competition Policy for the Digital Era, 2019
platforms as this would reduce switching costs and facilitate consumer choice between online platforms.

12. The Competition Law Forum\(^5\) submitted that interoperability requirements were particularly suited to social media markets and advised that the provision of transparent and publicly available Application Programming Interfaces (APIs) would enable access to the data and functionality needed for technical integration between online platforms.

13. In responses to our requests for information, however, several platforms expressed concerns that mandating extensive interoperability between platform functionality risked reducing innovation and choice.

14. Facebook submitted that mandated interoperability or industry standards would diminish the incentive to innovate, which has driven competition between platforms and improved value for consumers and might lead to a generalised homogenisation of consumer-facing services. Twitter also noted that industry-wide interoperability requirements for social media platforms could be counter-productive due to the risk of disincentivising new entrants and innovation.

15. A social media platform warned against treating new digital services with other interoperable services such as banking and telephony, which it described as reasonably static commodity services with minimal product differentiation. This stakeholder described social media platforms as exhibiting unique and high levels of fast, innovative development and submitted that mandating common standards or features may reduce the incentive for innovation and entry by new market participants, whilst simultaneously turning the mandated baseline into an upper limit.

16. TikTok submitted that such an intervention risked making platforms more homogeneous which could stifle, rather than increase consumer choice and welfare as consumers prefer multi-homing across several platforms because of their differentiated characteristics. TikTok suggested that since it had not observed a user demand for full protocol interoperability, the CMA should conduct a detailed study into its impact on the consumer experience before recommending this proposal.

17. Several of these platforms did, however, express support for interoperability over specific forms of functionality, as discussed below.

\(^5\) Competition Law Forum’s response to our statement of scope.
**Options for increasing interoperability over different functionalities**

18. As discussed above, mandating increased interoperability through standardisation carries with it both benefits and costs to competition and innovation. The benefit comes from overcoming network effects and facilitating competition and innovation in the non-standardised functionality, while the cost comes from reduced innovation and variety in respect of the functionality that is standardised.

19. In principle, the case for interoperability is greater in respect of functionality which is both directly helpful in overcoming identified network effects and yet not highly innovative (or not recently innovative). We are interested in hearing views as part of this consultation as to which elements of functionality would be strong candidates for interoperability against these criteria. We set out below options for increasing interoperability in respect of different forms of functionality.

**Transferring photos and files: Data Transfer Project**

20. Digital platforms within the scope of our study are already looking to facilitate data mobility through the Data Transfer Project (DTP) which was launched in July 2018 by Google, Facebook, Microsoft and Twitter. The DTP is described as a collaboration committed to building a common framework with open-source code that can connect any two online service providers, enabling a seamless, direct, user-initiated portability of data between the two platforms.⁶

21. Google submitted that its current Data Transfer Project (DTP) could meet a number of the objectives that stakeholders have called for, including the effective and seamless transfer of data between suppliers. Facebook has stated that it supports the principle of data portability and is committed to using existing standards wherever possible to enable users to transfer their data into and out of online services whilst giving due consideration to privacy and security concerns.

22. We are supportive of the principle of the DTP and the current use cases proposed by it, such as transferring photos from a social media platform to a photo book service or transferring music playlists,⁷ are likely to be valuable to consumers. However, while these use cases could be valuable in overcoming elements of lock-in for some platforms (such as music-streaming platforms)

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⁶ [https://datatransferproject.dev/](https://datatransferproject.dev/)
⁷ [https://datatransferproject.dev/use-cases](https://datatransferproject.dev/use-cases)
our current view is that they are unlikely to have a significant effect on competition between social media platforms.

23. We explore below a range of other types of data mobility and interoperability (including those that are currently, or have previously been, enabled through APIs) and consider the extent to which these could promote competition in the interests of consumers.

Accessing connections

24. Social media platforms enable consumers to develop a set of connections to others that they want to engage with, forming a key part of the experience. Microsoft (which owns LinkedIn) observed that a strategy adopted by some newer social networks to quickly build their userbase has been to encourage or incentivise users to transfer their data, such as profile data and contacts lists, over from existing platforms. This reduces the investment required of the user to develop a presence on the new platform and facilitates users inviting their connections to also join the new platform.

25. Facebook submitted that it has used APIs to ‘call’ name and email address information to enable its users to invite their email contacts to become friends on Facebook. Facebook also submitted that after it acquired Instagram in 2012 it alerted Facebook users to the possibility of connecting with their Facebook friends on Instagram.

26. One social media company submitted that standardising contact data in a way that enabled users to contact their existing contacts from one platform and ‘invite’ them to join a new platform would encourage more downloads of rival platforms, increasing multi-homing and competition.

27. Another social media platform also told us that the ability to connect existing social media platforms to other platforms through interoperable functions, such as ‘Find Contacts’, promotes competition, removes barriers to entry and helps platforms grow their userbase.

28. We have heard that elements of the ‘Find Contacts’ API have been degraded and that access to it has been withdrawn for certain platforms. For example, in 2013 Twitter acquired a video sharing platform called Vine. Prior to the acquisition Vine users were able to find friends they already knew on Facebook through Facebook’s ‘Find Contacts’ API. However, following its acquisition by Twitter, Facebook disallowed Vine’s access to this API. In doing so, Facebook was able to degrade consumers’ experience of Vine and reduce the platform’s competitive threat. Vine was discontinued by Twitter in 2016.
29. We consider that tools that make it easier for consumers to access their existing networks across multiple platforms could make new or smaller platforms more attractive to consumers and could reduce the extent to which same-side network effects act as a barrier to expansion in the social media sector. Therefore, in principle, interventions that extend the availability of these tools, or that limit the ability of incumbents to degrade or withdraw access to them, may help promote competition and benefit consumers in the social media sector.

Cross-posting

30. Another form of interoperability which already exists, but to varying degrees, between social media platforms, is the ability to simultaneously post content across platforms. We have been told by market participants that this functionality delivers benefits for consumers. Twitter told us that this functionality allows users to increase their reach and helps drive traffic to Twitter. This is consistent with TikTok’s view that the ability to post content across multiple platforms allows users to efficiently reach more people, which improves user satisfaction and engagement.

31. Cross-posting was previously possible on Facebook through the ‘Publish actions’ API which allowed third-party developers, with permissions, to make automatic posts relating to a user’s off-Facebook activity to a user’s Facebook News Feed. Facebook recognised that this functionality created value for its users as it enabled them to share content from other apps to Facebook which improved their ability to share and build social experiences with friends, as well as generating reactions to that content.

32. However, Facebook degraded this functionality in August 2018 and explained that this was due to concerns about safety and data privacy and a lack of clarity over permissions. Facebook submitted that the risk of these considerations outweighed the benefits of automatic cross-posting from third-party apps to Facebook. With the exception of Instagram posts, for which the cross-posting functionality remains unchanged, rather than viewing fully-functional content on Facebook, users are now only allowed to show links to their content on other platforms, as illustrated in Figure K.1.
33. In addition, as illustrated in Figure K.2 below, the ability to post content is not equal across platforms. Facebook allows users on other social media platforms to post their content to Facebook. However, Facebook limits the ability for its users to post from Facebook to other platforms, including Instagram. This decision potentially leads to more varied and higher quality content on the Facebook platform without sharing these benefits with others, although the deprecation noted above would appear to have worsened the user experience on the Facebook platform.
34. In principle, there would appear to be a benefit to competition from increasing the extent of cross-posting functionality between Facebook and other platforms. As shown in Chapter 3, Facebook (and YouTube) have more active users than other social media platforms and account for far more time spent online. Interventions to promote cross-posting could enable users that wish to share content with a wide audience to spend more time on (and share more content from) a platform that best suits them overall, rather than a platform that has the largest number of users. In turn, this could make it easier for smaller platforms to grow their share of time spent online and could improve their ability to monetise effectively through digital advertising. Therefore, interventions in this space could reduce the extent to which network effects act as a barrier to expansion for smaller platforms and increase the competitive threat faced by larger incumbent platforms such as Facebook.
35. A more intrusive form of interoperability could allow consumers to post, view and engage with content across platforms without having to switch service. For instance, a consumer could post messages that could be viewed by their contacts on different social media platforms, and view messages that their contacts originated on different social media platforms. This intervention could enable consumers to consolidate their updates across social media platforms, search for content across their aggregated services in real-time and, potentially, to interact with this content by commenting or ‘liking’. We use the term ‘content interoperability’ to refer to this combination of functionalities.

36. Figure K.3 illustrates what this level of interoperability could look like in practice.
Interventions to promote content interoperability could make different social media platforms much more substitutable from the perspective of consumers, while encouraging new entrants and other social media platforms to compete
more directly with Facebook. This is because consumers would no longer need to access and spend time on a particular platform with a large social graph, such as Facebook, in order to engage with users of that platform. In turn, this could make it easier for smaller platforms to grow their share of time spent and could improve their ability to monetise effectively through digital advertising. Therefore, interventions in this space could significantly reduce the extent to which network effects act as a barrier to entry and expansion for smaller platforms and could significantly increase the competitive threat faced by platforms such as Facebook.

38. On the other hand, we recognise that there are potential downsides to interventions that promote extensive interoperability. For example, increasing the number of actors that are seeking to interconnect can create a more complex ecosystem and increases privacy concerns. In addition, this type of intervention could require the need for strong standardisation across competing platforms and could dampen competitors’ ability and incentive to innovate or differentiate the type of services they provide. This type of concern was reflected in the submissions we received from market participants. Some of these concerns may be reduced if interoperability interventions were only mandated in relation to one or a subset of companies in the sector, for example SMS firms.

39. We note that FriendFeed, a social network acquired by Facebook in 2009, offered a similar service as is envisaged in this form of interoperability, as it allowed users to consolidate their updates across a range of online services, including Facebook, Twitter, YouTube, and allowed users to write, edit and delete comments on content, including other users’ activity on these other services. This demonstrates that such a concept could exist, and that Facebook presumably once viewed it as an attractive proposition. Facebook told us that FriendFeed was ultimately closed in 2015 due to a continuing decline in its userbase, though it is unclear to what extent Facebook attempted to actively promote or invest in the service.

40. At this stage, we are interested in stakeholders’ views regarding whether increasing content interoperability could increase competition to Facebook’s core services and improve quality outcomes, without compromising consumer demand for differentiated services and hence the incentive to invest in the development of those services.

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8 Including potentially leading to negative prices, which would mean that users receive compensation for spending time on their social media platforms.
Replicating social media platforms’ core functionality

41. Currently, platforms only have the incentive to interoperate to the extent that it benefits their own business. As a result, interoperability appears to have been extended to platforms that are perceived to be complements, rather than substitutes, which means they can benefit incumbents by attracting new consumers and increasing engagement for existing consumers.

42. Twitter’s policies for developers discourages online services from replicating Twitter’s core user experience or features and has rules in place to prevent developers from doing so.9 The CMA understands that until December 2018, Facebook also prevented developers from accessing its APIs if they sought to replicate Facebook’s core functionality10 and the CMA has been told that Facebook has discontinued API access for certain functionalities in the past.

43. Whilst these concerns are understandable from a commercial perspective, they can have the impact of reducing competition as firms that are seeking to offer a comparable service are prevented from accessing relevant user data that could support their growth. This concern was highlighted in a social media platform which noted that if Facebook were to stop allowing it to use the Facebook Graph API, it would make it more difficult for its users to find their contacts.

9 Twitter’s Developer Policy
10 Tech Crunch article, published on 4 December 2018.
Consultation questions

44. The CMA is interested in stakeholders’ views regarding the impact of past deprecations of APIs by Facebook or other market participants on competition between social media platforms. In particular, we have the following questions:

K.1 How effective were the Find Contacts or Publish Actions APIs at increasing competition or supporting the growth of rivals?

K.2 What have the impacts been of the deprecation of the Find Contacts and Publish Actions APIs?

45. We are also seeking views regarding whether or how API access on social media platforms should be altered or enhanced, and whether mandating interoperability requirements on a single social media platform (or subset of them) would increase competition in these markets. In particular, we have the following questions:

K.3 Should any social media platforms be subject to an API access obligation, and the scope of the interoperability requirements, including which features or functionalities, should be made interoperable? If so:

a. How effective would this type of intervention be at improving competition between social media platforms?

b. Who should this intervention be applied to?

c. What conditions and permissions should be associated with access, including whether participants should be subject to reciprocal arrangements?

d. What should the appropriate eligibility criteria be for developers seeking access to these APIs?

K.4 How effective would a remedy be that extended existing intra-Facebook interoperability, such as is currently available between Facebook and Instagram, to non-Facebook applications?

K.5 How should the standards surrounding these features be developed and monitored?

K.6 What are the possible costs and unintended consequences that could result from mandating interoperability requirements or API access, in particular on incentives to innovate?