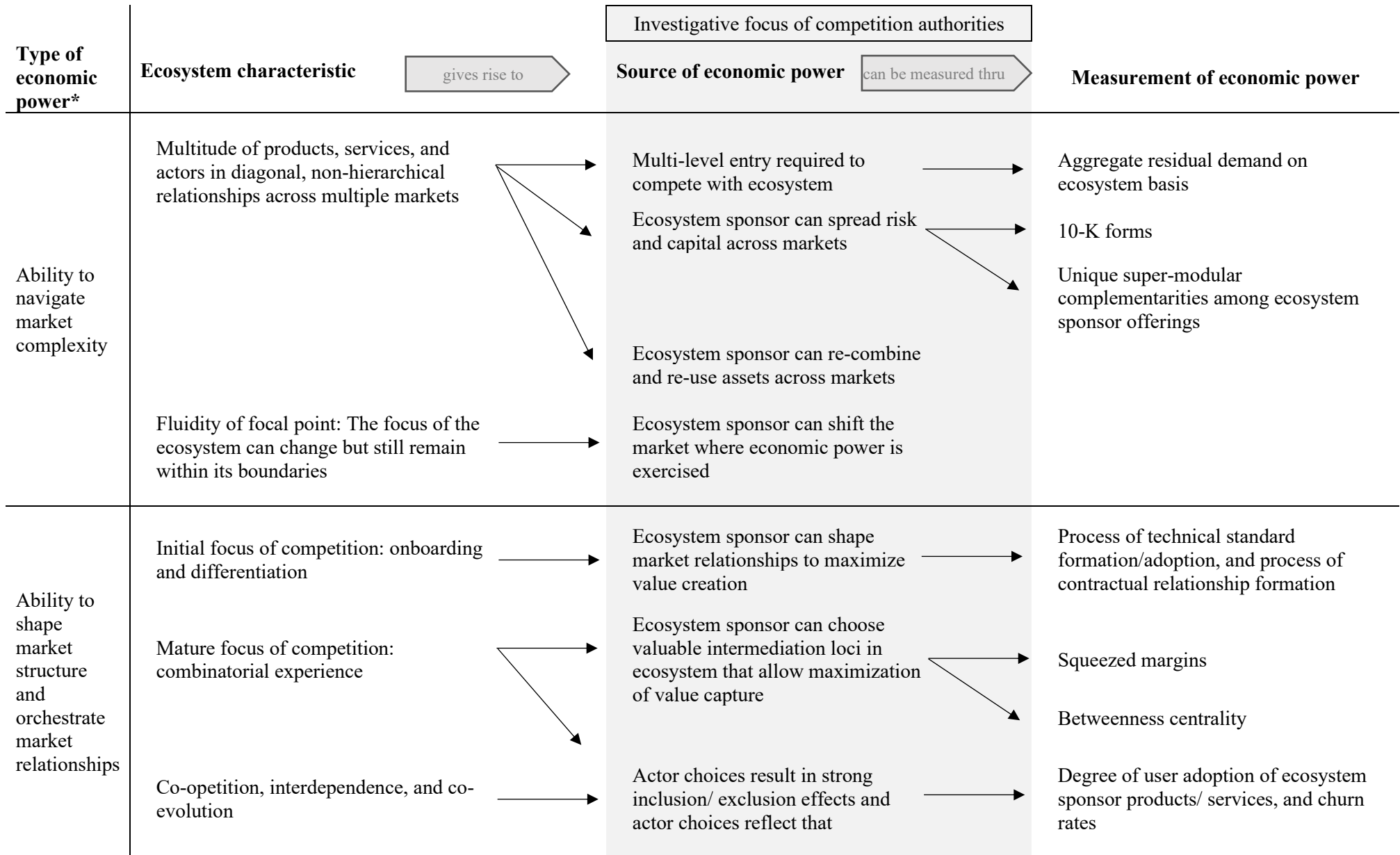


A FRAMEWORK TO ANALYZE THE MARKET POWER OF MOBILE ECOSYSTEMS

Adapted from K. Stylianou, Ecosystem Power, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3893607



* Market power is traditionally defined as the ability to exclude competitors or raise prices or act without regard to competitors/consumers. The types of economic power defined here can either be considered as new or as iterations of the power to act without regard to competitors/consumers.

EXAMPLES

Source of economic power	Example
<p>Multi-level entry required to compete with ecosystem</p> <p>Ecosystem sponsor can spread risk and capital across markets</p> <p>Ecosystem sponsor can re-combine and re-use assets across markets</p> <p>Ecosystem sponsor can shift the market where economic power is exercised</p>	<p>Google is present in over 20 separate markets.¹ While it has many competitors in each of those markets, it only has 4 universal competitors (Amazon, Apple, Facebook, Microsoft) and 1 mobile ecosystem competitor (Apple).</p> <p>Amazon subsidizing its e-commerce business through its AWS business. Amazon easily absorbing the risk of the failed Fire Phone.</p> <p>Google adapting core AI capabilities to use in image recognition (Google Images), speech recognition (Google Assistant), recommendation algorithms (Youtube), self-driving car (Waymo) etc.</p> <p>Bottleneck power moving from app stores to voice control interfaces (Siri, Google Assistant etc), which are used as user entry points into the web of an ecosystem sponsor's various devices and/or services.</p>
<p>Ecosystem sponsor can shape market relationships to maximize value creation</p> <p>Ecosystem sponsor can choose valuable intermediation loci in ecosystem that allow maximization of value capture</p> <p>Actor choices result in strong inclusion/ exclusion effects and actor choices reflect that</p>	<p>Imposition of the AMP standard by Google.</p> <p>Apple's 30% in-app transaction fee</p> <p>Users who don't own multiple Apple devices lose out on the tight integration features among Apple's devices. Not having an Apple account further reduces usability of Apple's products.</p>

¹ Konstantinos Stylianou, Exclusion in Digital Markets, 24 Mich. Tech. L. Rev. 181 (2018).