

# *Virtual Competition*



Antitrust in the New Economy  
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# The Dynamics of Competition



## *The Promise* of the Algorithm-Driven Economy

- Transparency and flow of information
- Lower Search Costs
- Dynamic competition
- Entry and Expansion
- Dynamic pricing
- Disruption and Efficiencies
  
- The Rise of Big Data and Big Analytics

# *The Perils of the Algorithm-Driven Economy*



In some markets, competition, as we knew it -- the invisible hand of competition -- is being displaced with a digitalized hand.

## *The enforcement challenges –*

- Identify the adequate level of intervention.*
- Avoid chilling effect on competition and innovation.*
- Collusion
- Discrimination
- Frenemy

# The Collusion Analytical Framework



- The Messenger Scenario
  - The Algorithm as an Intermediary
- Hub and Spoke
  - Intentional and unintentional use of algorithms to align price.
  - *Eturas and Others*
- Tacit Collusion on Steroids: The Predictable Agent
  - *Fast predictive & similar analytics*
  - Adopt a similar approach to Mergers review?
- God View and Artificial Intelligence
  - Big data and big analytics

# Behavioural Discrimination



- Price Discrimination and dynamic pricing.
  - Differential pricing and limited arbitrage
- The Rise of “Almost Perfect” Behavioural Discrimination
  - Over 100 biases,...
  - Decoys, price steering, complexity, drip pricing ...
- Controlled Ecosystems: *The Truman Show*
- Fairness as a limit to behavioral discrimination.

# Frenemies



- The dynamic Interplay among Frenemies
- Data-driven network effects.
- Gatekeepers
- The rise of super platform
- Digital butler
  
- Disruptive innovation

# Enforcement



- **Competition law Challenges -**
  - Conceptual and practical challenges.
  - IP/Competition interface.
  - Identify the adequate level of intervention.
- **Wider toolbox –**
  - Privacy laws, Customer Empowerment.
  - Ex-ante measures
- **Enforcement approach:**
  - EU Commission ‘e-commerce sector inquiry’
  - CMA ‘digital comparison tools’ market study.
  - OECD, EDPS, House of Lords, France/German Report...

