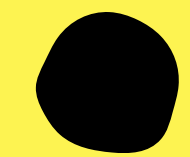


Diversity: A New Value for Antitrust in the Digital Era

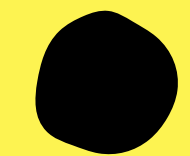
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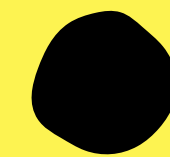
WHY DIVERSITY IS OF VALUE



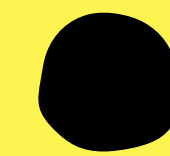
As a property of a complex system (which a market or a digital platform/ecosystem is), **diversity drives innovation and change**



Value of diversity highlighted by regulators as a **safeguard for content creators** (see ACCC, FTC, UK investigation into streaming platforms)



Just like **biodiversity in ecosystems**, diversity in digital platforms allows them to thrive and evolve



Finally, diversity is **“the dark matter of competition”** according to J. Farrell (2006)

KEY TAKEAWAYS FROM THE PAPER

Intraplatform diversity can have a place in the competition analysis due to its impact both on the platform, and on the surrounding market (s)

In digital markets that are now often on the competition radar (first of all, media and entertainment), the bottleneck for supplied diversity is something to be addressed by the regulators as a structural feature

On a broader scale, diversity contributes to the innovative change within a system – thus, fostering of diverse and rich digital ecosystems will drive markets towards sustainability

DIVERSITY TRANSFORMATIONS WITHIN A PLATFORM



Supplied v. consumed diversity/diversity of exposure



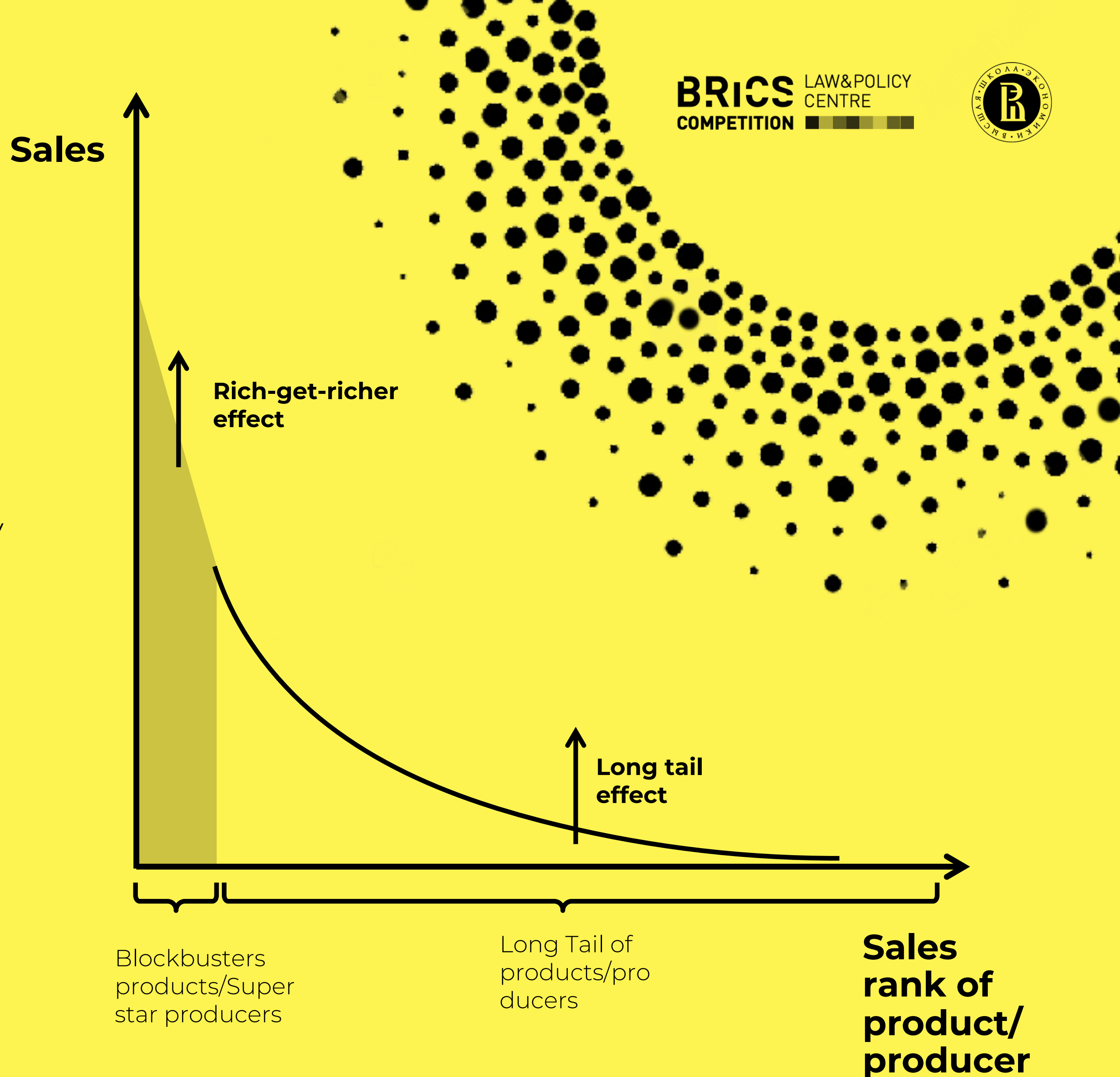
The platform takes on curating/filtering role in determining what content appears in one's feed



In the presence of supplied diversity, consumed diversity should increase, but this is where the bottleneck is

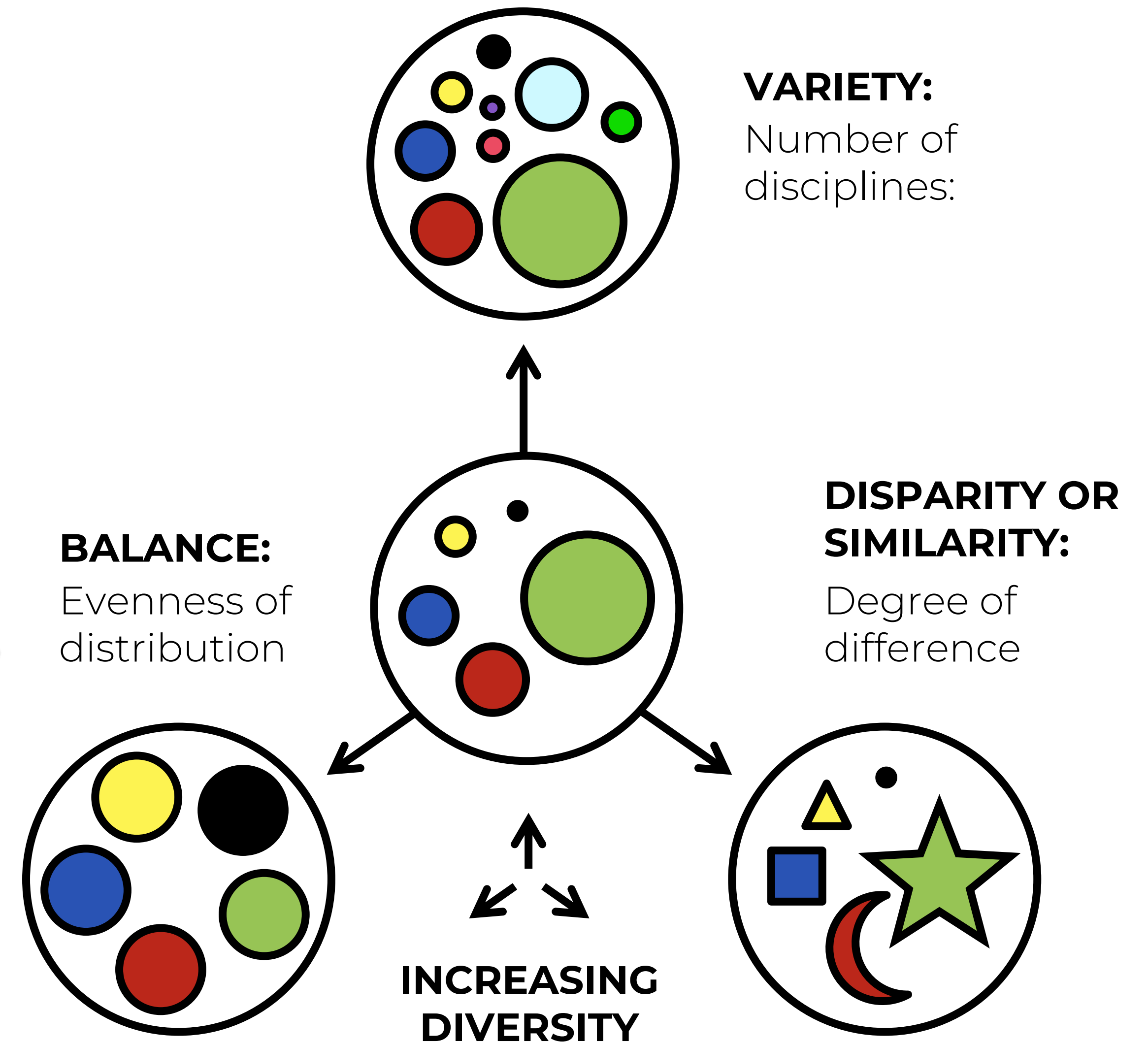


“Superstar” vs niche products – superstar ones are more efficient, including due to cognitive bias



DIVERSITY TRANSFORMATIONS WITHIN A PLATFORM

- Diversity for platforms (and hence, for regulators) should be more than variety: in a variety, balance and disparity are needed
- Digital economy offers variety – but is this variety balanced and, indeed, diverse?
- Since diversity is more than variety, regulators can adopt it as a qualitative and quantitative tool



From: Diversity Atlas

DIVERSITY AND EFFICIENCY

There is evidence that diversity is not economically efficient for digital platforms

Cost of managing heterogeneous content is higher

Digital platforms intend to target 'average consumer'

DOUYIN

- Prioritisation of top content
- Once gaining top positions, content producers should simply maintain them
- Aggressive strategy of marketing and growth

KUAISHOU

- ‘Gini co-efficient regulation’: when popularity of content reaches its maximum, exposure decreases
- 30% of traffic to popular content; 70% - to other content
- Focus on ‘product excellence’

Regulation should step in to preserve producers’ incentives to compete and safeguard consumers’ rights to make a choice

DIVERSITY IN ANTITRUST ENFORCEMENT

Competition authorities should pay more attention to the processes *inside* the digital platform

Intra-platform diversity could become a *value* in antitrust analysis.

Unilateral conduct

- Self-preferencing
- Decrease of incentives to produce varied content

Anticompetitive agreements

- Potential possibility to divide market between platforms
- Vertical agreements with content providers are also possible

Merger review

- Mergers could hamper diversity
- Example: diversity concerns in Amazon/MGM review in France

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