

Merger Control and Online Platforms: The Relevance of Network Effects*

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ABSTRACT: Digital platforms operate in multisided markets providing services through the internet to two or more distinct groups of users, between which there are indirect network effects. Direct network effects are frequently present within each group. Therefore, online platforms usually present both direct network effects, between individual members of the same group, and indirect network effects, between members of distinct groups. Network effects may simultaneously reduce competition leading to a greater concentration and strengthening entry barriers, on the one hand, and put forward significant efficiencies on the other. This article examines some key aspects related to the impact of network effects on the assessment of mergers in two-sided markets, taking account of the recent practice of the Commission.

KEYWORDS: Online platforms, multi-sided markets, network effects, merger control, efficiency

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