

Evening Lecture „Mergers and Merger Control in Digital Markets” (28.04.2021)

On Wednesday, 28 April 2021, **Prof. Dr. Tomaso Duso** from the German Institute for Economic Research (DIW Berlin) was welcomed virtually to Innsbruck for the second "Evening Lecture" of the Spring Term, hosted and moderated by **Prof. Dr. Susanne Augenhofer, LL.M. (Yale)**. As a renowned researcher for, among other things, digitalization, competition policy and empirical industrial economics, he gave a lecture on mergers and merger control for big tech firms in digital markets.



Mergers and merger control in digital markets

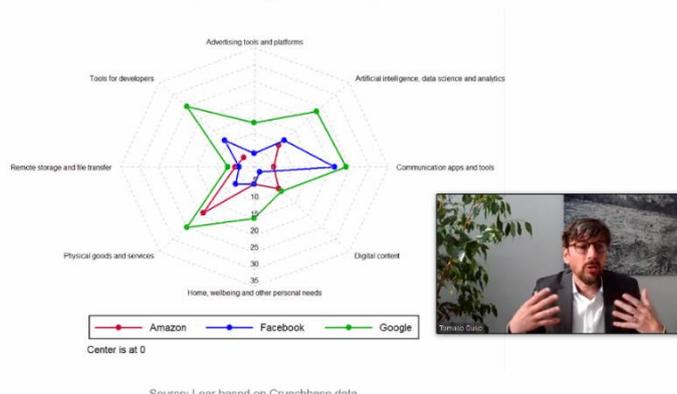
Tomaso Duso
DIW Berlin, TU Berlin, CEPR, CESifo

Universität Innsbruck – Evening Lecture
April 28, 2021



Prof. Duso started off by presenting the corporate acquisitions and mergers of GAFAM (Google, Apple, Facebook, Amazon, Microsoft) between 2008 and 2018. He illustrated the enormous extent to which these companies, which are now all among the world's ten largest companies in terms of market capitalization, have acquired companies and contrasted this with the low level of control by antitrust authorities. While a total of about 500 mergers took place,

Cluster Analysis: The distribution of past acquisitions by cluster



only 21 of them were scrutinized by competition authorities, and none of them was blocked. Thus, these companies could "buy up" the market without being effectively regulated by the state. According to Prof. Duso, the goal of GAFAM is to reduce competition by buying

innovation.

Prof. Duso also presented the consequences of mergers for the markets and the difficulties of exact analysis, especially the lack of data available as evidence and the difficulty to measure outcomes and counterfactuals from an economic point of view.

Finally, he presented case studies on the merger of Facebook and Instagram in 2012 and the acquisition of Fitbit by Google, which was officially finalized earlier this year. In the "Facebook/Instagram" case, he criticized the fact that only the functionalities of the products were considered and not the underlying business model of the companies. For Prof. Duso, the merging companies were competing for the same resource – attention by the consumer – as

both companies pursued the same business model: personalized advertising. Nowadays, the break-up of Facebook is being discussed – according to Prof. Duso, such measures could be prevented through effective competition policies and merger control. Hence, he argued, multi-sided setting is key and complementary functions must be considered. Against this background, Prof. Duso decisively rejected the Google-Fitbit merger as a data-driven merger due to immanent dangers. Google acquired Fitbit to establish itself on the health market by using the data collected by Fitbit.

The exciting and passionate lecture was followed by a lively discussion with the participants about the possibilities of regulation and its impact on innovation.

(Rebecca Küter)