



Competition in the Mobile Era

William Echikson

In the personal computer era, it took a broadband connection and sophisticated technical skills to change operating systems or programmes. When Microsoft bundled software onto its dominant Windows, consumers found it almost impossible to avoid using its services. European trustbusters cracked down, first in 2004 and then in 2007, imposing billions in fines.

In the mobile phone era, does the same tie-in exist and if so, does it similarly harm consumers? At a recent event hosted at CEPS, London-based King's College law professor Renato Nazzini answered with a resounding no. In his view, mobile phones operate in a different, less locked-in world than personal computers. Download his presentation [here](#).

This is not merely an academic debate: its outcome will have a strong impact on the future of the digital world. People today spend more time on their mobile device (60%) than on their desktop (40%).

In 2016 the European Commission issued a [statement of objections](#) against Google, arguing that its mobile Android operating system may be abusing a dominant position. Just like Microsoft imposed terms on personal computer makers, the Commission believes that Google forces smartphone manufacturers to use its Google apps - preventing them from selling devices that use operating systems that compete with Android and from introducing competing apps and services.

Google contests the allegations, maintaining that equipment manufacturers and carriers are allowed to pre-install competitors' apps. Consumers, it adds, are similarly free to download competitors' apps.

A key question is whether the PC and mobile worlds are the same. Nazzini says they are fundamentally different. In the PC age, it was difficult to download software: average web

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speeds in 2000 were measured in dial-up kilobytes not broadband megabytes. No app stores existed. In order to install new software, a floppy disc or CD-ROM was required.

In the mobile age, an ordinary mobile connection suffices to download or delete apps. With a couple of taps of a finger, one may get rid of a service and try out a new one. As Nazzini explained, the impact of this technological shift renders old antitrust practices related to 'bundling' outdated.

Let's now return to the Microsoft-Google comparison. In the Microsoft case, the company's Internet Explorer was set as the default browser and users were prevented from switching their default. In contrast, Nazzini says it is easy on Android users to switch to another search engine: simply download Bing and make it your home screen widget. In the mobile ecosystem, at the opposite in this case, at least 75% of app developers are coding content for two and more operating systems. While Windows was not compatible with rival software. Android works seamlessly with whatever apps you install.

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Many in the audience at CEPS that day disagreed - loudly - with this comparison. While switching is theoretically easy, they pointed out that Google requires most Android licensees to pre-install Google Search and set it as the default search service on almost all Android phones. Few consumers actually choose another search engine. Most use Google Chrome. And almost all receive their apps through Google's App store.

Google's business practices, combined with these consumer preferences, are consolidating the dominant position of Google Search, which commands a 90% or greater market share in general internet searches in most European markets. From this viewpoint, apps makers and services are dependent on Google.

The heated debate underlines how difficult it is for competition law to keep up with the speed of innovation in the digital world. In a separate case, the European Commission had been investigating for almost ten years whether Google favours its own content on its shopping site. Press reports say a decision is expected by August and that Google will be fined upwards of €1 billion. The tech company then could prolong the case by appealing.

Given this history, it is possible that the Android case could drag on for years. By the time a decision is reached, smartphones may be supplanted by yet another technological wave. And the argument over bundling will require yet another rethink.