Program of the Lear Conference 2015*

Antitrust Economics 2.0

Rome, June 25 and 26

Villa Farnesina-Palazzina dell'Auditorio
Via della Lungara, 230

DAY 1 - 25 GIUGNO

h. 9.00 – 9.30 Welcome coffee and Registration

h. 9.30 – 10.00

Welcome Speech by

Presidenza dell'Accademia dei Lincei

Giovanni Pitruzzella (Presidente Autorità Garante della Concorrenza e del Mercato) *

h.10.30 – 13.00

1. The Economics of Peer-to-Peer Markets

In the last few years, a new set of Internet marketplaces has begun to challenge existing businesses such as the taxi and hotel industry. Some of these businesses, such as Airbnb and Uber, have come under intense regulatory scrutiny. Why have these businesses emerged and what problems do their marketplaces have to solve? To what extent are these new peer-to-peer markets an improvement on traditional business models? What are the parallels and differences with earlier Internet marketplaces for e-commerce, consumer lending and skilled labor? Finally, how should regulatory policy treat peer-to-peer marketplaces, especially when they are competing against established industries? This talk will describe recent research in this area, and try to draw some tentative conclusions.

Chair: **TBA**

Keynote speaker: **Jonathan Levin** (Stanford University)

Discussion:

- **John Fingleton** (Fingleton Associates)
- **Kate Collyer** (Competition and Markets Authority)

2. Media and the Internet

The Internet has largely changed the way people become informed and has led to the appearance of new operators. Among these, there are news aggregators such as Google News and Yahoo! News. News aggregators have had a significant impact on competition in the media markets and several competition authorities have conducted investigations to ascertain whether their conducts were compliant with antitrust rules. Traditional news operators have complained that news aggregators, which do not often pay for the content they display on their website, undermine the incentive of authors and other market participants to create content. The same criticism may hold true for other media, such as TV or cinema, with respect to websites that allow end consumers to watch TV programs or movies without any contractual relationship with the content creator. What are the effects of these new media on consumer welfare in the short and in the long run? Do news aggregators or video portals compete in the same relevant market as the traditional media? Do they enjoy a significant market power? Is the application of competition law the proper remedy for any market distortion that may result from their activity?

Chair: **Veronica Pinotti** (McDermott & Will Emery)
Keynote speaker: **Susan Athey** (Stanford University)
Discussion:

- **Antonio Nicita** (AGCOM and University of Rome La Sapienza)
- **Simone Sole** (Mediaset)

Lunch

h. 14.30 – 18.30

3. Search and Competition

The markets for search-based and online advertising differentiate themselves among many levels with respect to most markets. These features include network effects, double-sidedness, and high levels of R&D and innovation. Antitrust enforcement has thus a difficult job. With respect to recent notorious cases such as Google's, what are the effects of an antitrust intervention on innovation? Do competitors in the search engine market work properly and in the interest of consumers? Does Google enjoy monopoly power?

Chair: **Gerard Pogorel** (Telecom ParisTech)
Keynote speakers: **Hal Varian** (Google)
Discussion:

- **Justus Haucap** (Dusseldorf Institute for Competition Economics)
- **TBA**

4. Internet as a Distribution Channel: Dynamics and Policy Challenges

In the past decades, the Internet has become a very active distribution channel, disrupting traditional modes of distribution, bringing benefits to consumers as well as generating new business opportunities for firms. The market structure of distribution has changed dramatically in many sectors, and suppliers have had to rethink their distribution strategies. These changes give rise to new concerns on the much-debated antitrust issue of Vertical Restraints (VRs). VRs may be introduced in order to improve the vertical structure by reducing transaction costs, improving the stability of supplies, and as a device to align the two firms' interests. Certain types of VRs may also soften competition. The nature of competition taking place in the digital environment as well as competition between traditional and on-line retailers has not been fully understood yet. Antitrust agencies and courts are still exploring this new field, and this could generate uncertainty in decisions and judgments.

Chair: **Vincenzo Zeno- Zencovich** (University of Roma Tre)
Keynote speaker: **Ali Hortacsu** (Chicago University)
Discussion:

- **Svend Albaek** (European Commission – DG COMP)
- **Andrea Pezzoli** (AGCM)

h. 18.45 – 20.00
Sightseeing* & Aperitif

* For those curious to explore more of what Rome has to offer, there will be a private visit of Villa Farnesina, a Renaissance creation of unequalled beauty and refinement decorated with the famous "Triumph of Galatea" by Raffaello.

DAY 2 - 26 GIUGNO

h. 9.30 – 11.00

5. Across-Platform Parity Agreements

It is widespread among online platforms to require their sellers not to offer better prices or conditions on other selling platforms; this clause is often referred to as Price Parity clause, or Retail Most Favoured Nation due to its similarities to the MFN clause. Despite much analysis efforts made from several agencies around the world, there is still scant literature on the topic. Some initial reflections on their competitive effects are provided in a recent report prepared by Lear for the OFT (Lear, 2012). They defined these pricing arrangements as Across-Platforms Parity Agreements (APPA). An MFN is a clause normally embedded in long-term contracts between two firms for the provision of intermediate goods or raw materials whereby the supplier undertakes to apply to the buyer the best price conditions among those applied to any other buyer. Although some similarity exists between MFNs and APPAs, the two have to be distinguished and it would be wrong to derive clear policy implications from the literature on MFNs. Since 2010, this clause has been enforced by prominent platforms such as Amazon, booking.com, HRS (the German leading OTA), Apple on its iBookstore and many more. Whether such clause should raise any competitive concern is still a much-debated issue among both policymakers and academics.

Chair: **Tommaso Salonico** (Freshfields Bruckhaus Deringer)
Keynote Speaker: **Paolo Buccirossi** (Lear)
Discussion:

- **Giancarlo Spagnolo** (Stockholm School of Economics and University of Rome Tor Vergata)
- **Sven-Olof Fridolfsson** (Swedish Competition Authority)

Coffee Break

h. 11.30 – 13.00

6. Two-Sided Platforms and Competition Policy: What have we really learned?

Multi-sided platforms create value by bringing two or more different types of economic agents together and allowing them to interact. These platforms play critical roles in many economically important industries such as Internet-based ones. By smoothing direct connections between multiple types of affiliated customers, MSPs most often lead to network effects. From a theoretical point of view, MSPs subvert classical economic models. This very nature may affect antitrust analysis in all of its aspects, from cartels to monopolizations because the interrelationship between pricing and output has to be accounted for on all sides and exploitation of one side of the market is not necessarily an indicator of market power. To what extent the development of two-sided market theory has influenced actual antitrust practice? Has that influence been beneficial?

Chair: **Alberto Heimler** *(Scuola Superiore della Pubblica Amministrazione – SNA)*
Keynote speaker: **Michael Katz** (University of California, Berkeley)
Discussion:

- **Tommaso Valletti** (Imperial College of London and University of Rome Tor Vergata)
- **Simonetta Vezzoso** (Università degli Studi di Trento)

Lunch

h. 14.30 – 18.00

7. Competition in Advertising Markets

Advertising markets, including over the air TV, Internet display advertising and search advertising, have a very complex structure. Consumers are not typically paying for content so there is no price signal – competition for users is in product quality and reputation. Web search product quality involves algorithms, an extensive web crawl, information retrieval technology and voluminous, fresh data. Reaching their target audiences may require advertisers to advertise on all platforms, creating pressure for standardization to minimize costs, which conflicts with innovation.

Chair: **Marco D'Ostuni** *(Cleary Gottlieb Steen & Hamilton)*
Keynote speaker: **Preston McAfee** (Microsoft)
Discussion:

- **Elena Argentesi** (Lear e Università di Bologna)
- **Martino Sforza** (McDermott & Will Emery)

8. Recommendation Systems Competition

Recommender Systems are software tools and techniques providing suggestions for items to which consumers are potentially interested. Billions of consumers rely daily on these systems to decide what music to listen to (iTunes), which movie to watch (Netflix), what product to purchase (Amazon) or which restaurant to patronize (Yelp). By controlling consumers' informational environment these agents can distort consumption choices. What are their incentives? Is recommendation bias a manifestation of market power? To what extent is competition a disciplining force?

Chair: **TBA**
Keynote speaker: **Emilio Calvano** (CSEF - University of Naples Federico II)
Discussion:

- **TBA**
- **TBA**

9. Personal Data and Competition

Consumer data have always represented a valuable asset for marketeers and firms alike. Indeed, better information on consumers let firms tailor their offer to address specific customer needs. This can benefit both firms and consumers and eventually increase total welfare. Thanks to technological advances, it is now possible to collect an even increasing amount of personal information and this is particularly true for all those market and non-market activities that are mediated through technology. Firms that hold and control a high volume of quality personal data can offer better products and services (to customers or, as it is common within an ad-funded business model, to advertisers) and, as a consequence, reap higher profits, as they "monetize" the information they have collected. Some critics argue that such a control might be detrimental to the competitive process as the firm that control key information might foreclose actual or potential competitors from the market. This might be particularly relevant when consumer data have been acquired through potentially anticompetitive practices (exclusivity agreements) and in a context in which the quality and value of collected data is subject to network externalities (the more sources used to collect information the higher the quality and value of the collected information). Should the private control over online detailed consumer level data raise specific anticompetitive constraints? Is there the risk to foreclose efficient competitors if they have no access to the bulk of information held by incumbents? Is the consumer surplus negatively affected by the concentration in the control over personal data?

Chair: **TBA**
Keynote speaker: **Joshua Gans** (University of Toronto)
Discussion:

- **Damien Geradin** (George Mason University and Tilburg University)
- **David Abecassis** (Analysys Mason)

** Program could be subject to minor changes*

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