

Apple, Google smartphone duopoly makes it impossible for new entrants to gain headway, watchdog says

Article

The news: The UK's Competition and Markets Authority (CMA) said it is worried that the “effective duopoly” of **Apple's iPhone iOS** and **Google's Android** ecosystems presents a “vice-like grip” resulting in a lack of customer choice and higher prices than a more competitive market could offer.

More on this: The UK's competition watchdog is investigating dominance in mobile operating systems and their effect on consumer choice. Its findings could lead to more regulation by way of Strategic Market Status—a label that would be applied to the most powerful Big Tech companies to hold them accountable under a code of conduct, per Bloomberg.

- The initial findings were based on a 12-month study in June on the wider market in mobile ecosystems, including mobile devices, operating systems, and apps. **The final report is expected in June 2022.**
- “Apple and Google have developed a vice-like grip over how we use mobile phones, and we're concerned that it's causing millions of people across the UK to lose out,” said **Andrea Coscelli**, chief executive of the CMA.
- A decade ago, Apple's iOS and Google's Android were already dominant, but the market had other options, including **Nokia, BlackBerry, Windows Phone, and Palm OS**. Wave after wave of consolidation and the dominance of app stores resulted in the duopoly we have today.
- “Apple and Google are the main players when it comes to choosing a phone. But it can be easy to forget that they set all the rules too—from determining which apps are available on their app stores to making it difficult for us to switch to alternative browsers on our phones,” Coscelli said.

What's next? The CMA is seeking government powers to enforce stronger regulation by way of the **Strategic Market Status** label that can then regulate the duopoly by enforcing the following:

- **Making it easy for consumers to switch** between iOS and Android without losing data.
- **Opening alternative app stores** that aren't controlled by the platforms.
- **Expanding the range of payment options** for smartphone users outside the prescribed OS systems.

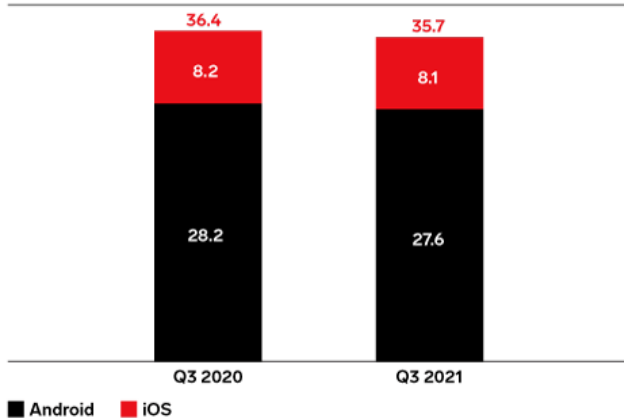
What's the catch? Finalizing a set of rules and actively enforcing them could take time. Expect Apple and Google to sandbag regulatory efforts through lobbying, legal appeals, and

stressing the need for controls for security and innovation.

There are also no viable competitors to the smartphone duopoly, and any new entrant will need a formidable combination of hardware, software, and various ecosystems to be able to make a dent in the status quo.

Mobile App Store Downloads Worldwide, Android vs. iOS, Q3 2020 & Q3 2021

billions



Source: Sensor Tower, "Store Intelligence Data Digest: Q3 2021," Oct 13, 2021

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