

**Platform business models: advertising funded or device funded? How does the business model of platforms impact the users and app developers**

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Type: (Bachelor's Thesis), Master's Thesis

**Motivation and Aim:**

The mobile phone industry is dominated by two juggernaut ecosystems: Android and iOS. They compete fiercely with each other while employing different business models to attract and retain consumers. Android/Google offers its ecosystem to manufacturers for free while Apple is a device manufacturer and seller. Google predominantly earns from sales within its ecosystem and from ad-revenues. In addition to these revenue channels, Apple also earns money from direct sales of devices to consumers. This can also result in different incentives to behave and interact with users and sellers on these ecosystems. The European Union is investigating multiple allegations on the conduct of Apple vis a vis sellers on these platforms.<sup>1</sup>

The aim of this thesis is to delve into the fundamental questions on the choice of business models and its impact on the ecosystem. A starting point for this is to understand the evolution of revenue streams of these firms from early 2000s ([Google annual earnings](#) and [Apple annual earnings](#)). This can provide insights for some of the questions. Why have these firms adopted different business models to attract consumers? What are advantages of each business model? What are the different (instruments) available to these firms to retain and attract consumers? Compare the importance of app developers on the two markets and discuss the reason for app developers being unhappy with Apple and not Google?

The thesis has to be written in English.

**References and related literature:**

- EC Case [AT.40437](#), AT.49652
- Caffara, C. Etro, F. & Latham, O. Morton, F. S., (June 04 2020), [Designing regulation for digital platforms: Why economists need to work on business models](#).
- Padilla, J., Perkins, J. & Piccolo, S. (October 22 2020), [Self-preferencing by gatekeeper platforms: Implications for digital regulation](#)
- Dutta, Amitava, et al. "Technology diffusion: Shift happens—The case of iOS and Android handsets." *Technological Forecasting and Social Change* 118 (2017): 28-43.

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<sup>1</sup> See EC case [AT.40437](#) and AT.49652.

- Kapoor, Rahul, and Shiva Agarwal. "Sustaining superior performance in business ecosystems: Evidence from application software developers in the iOS and Android smartphone ecosystems." *Organization Science* 28.3 (2017): 531-551
- Meyer, Tobias Georg. *Path Dependence in Two-Sided Markets: A Simulation Study on Technological Path Dependence with an Application to Platform Competition in the Smartphone Industry*. Tobias Georg Meyer, 2012.