

# Market Study Report on Mobile OS and Mobile App Distribution

February 9, 2023  
Japan Fair Trade Commission

## 1. Purpose

While the worldwide spread of COVID-19 has caused major restrictions on people's lives and economic activities, the digitalization of the economy has progressed further. Services essential to people's lives, such as shopping, communication, and search for information, are being provided online, and their use has increased.

Smartphones are the main means by which people access various digital contents and services. Smartphones have become a daily necessity for consumers, and the usage rate and time of smartphones continue to expand far beyond those of PCs. Consumers access a wide variety of digital contents and services through browsers and apps downloaded from app stores on smartphones. Also, new products and services used in conjunction with smartphones, such as smartwatches, are expanding.

In addition to apps, digital contents and services provided on smartphones, products and services used in conjunction with smartphones are growing and diversifying. In order to provide these products and services, access to mobile OS and app distribution routes such as app stores is essential.

Therefore, it is very important to understand the actual state of competition in mobile OS and app distribution routes from the viewpoint of improving the competitive environment of the market for apps, digital contents and services provided on smartphones, and the market for products and services used in conjunction with smartphones, as well as the mobile OS market and the app distribution service market. For this reason, the Japan Fair Trade Commission (JFTC) decided to conduct a market study into the mobile OS market and the app distribution service market.

### (1) Scope of Market Study

Regarding the mobile OS market and the app distribution service market in Japan, the JFTC focused on the market structure such as the position and share of the business operators, and the presence of competitive pressure such as the degree of substitution among mobile OSs and app distribution routes. Also, the JFTC focused on the impact of competition in the mobile OS market and the app distribution service market on competition in the app market and other smartphone-related markets.

## (2) Survey method

### (a) Questionnaire survey for business operators and consumers

In March 2022, the JFTC received responses to questionnaire from app developers providing apps on app stores, regarding transactions with app store operators and the current status of other app distribution routes (Number of respondents: 596).

In February 2022, the JFTC received responses to questionnaire from 2,000 consumer monitors of research companies, regarding usage of smartphones and smartphone-related services.

### (b) Voluntary interview

The JFTC interviewed 23 business operators and business associations in a wide range of industries, including smartphone manufacturers, app developers, and providers of products and services used in conjunction with smartphones. In addition, the JFTC received answers to written questions from the two main mobile OS providers (Google and Apple). Also, the JFTC interviewed 3 experts who have specialized knowledge about mobile OS market and app distribution service market.

### (c) International cooperation

Through the process of compiling this report, the JFTC exchanged opinions with the Australian Competition and Consumer Commission, the UK Competition & Markets Authority and the Directorate-General for Competition of the European Commission.

## 2. Results

Please see the report, attachments, summaries and points as attached.

## 3. Future initiatives

- (1) The JFTC continues to respond strictly and appropriately to concrete cases involving a mobile OS provider or an app store operator that become problematic under the Antimonopoly Act (AMA).
- (2) The JFTC will make public the contents of the report in order to realize the development of a competitive environment in the mobile ecosystem, and also continues to proactively engage in collaboration and cooperation with the Headquarters for Digital Market Competition and other related ministries or agencies to develop the competitive environment.
- (3) The JFTC also pays close attention to trends related to new ecosystems centered on products and services other than smartphones, and conducts market studies as necessary to clarify issues on the AMA and competition policies while taking

consumer interests into consideration.

- (4) The JFTC exchanges opinions with competition authorities in other countries and regions and also makes use of opportunities offered by organizations such as the Organization for Economic Cooperation and Development (OECD) and the International Competition Network (ICN) to promote continuous collaboration with relevant overseas authorities and develop competitive environment.