

PLATFORMS PLAY A CRUCIAL ROLE FOR APP ECONOMY GROWTH

App makers use app marketplaces and platforms to reach a global market, reduce complexity and overhead, and benefit from existing consumer trust. The platforms play a crucial role in fostering trust between consumers and app makers.

PLATFORMS ARE IMPORTANT TO SMES

By offering consumer protections such as secure payment systems, data privacy guarantees, and vetting processes for products and services, platforms create an environment where users feel more comfortable exploring offerings. This built-in consumer trust benefits all providers on the platform, but it is especially valuable for small businesses, which often lack the brand recognition and established reputation that bigger competitors enjoy.

Small and medium-sized enterprises (SMEs) make business decisions about which platforms to make their products and services available on. That decision includes considering where their customers are, what tools are available, and the reliability of the underlying infrastructure. Bundled services

that reduce overhead cost for SMEs often have the added benefit of reducing friction for consumers.

It's important to note that the needs of the App Association's SME members are often fundamentally different from those of large and established app makers with global brands. In digital markets, one of the largest barriers to entry for SMEs is overcoming the network effects and brand loyalty enjoyed by more established players. In these highly competitive markets, platforms help smaller players by giving them access to the trust and loyalty consumers have in the platform itself. This allows consumers to feel safer exploring products from less-established businesses, leveling the playing field and making it easier for small companies to thrive.



Because consumer trust is so vital to the competitive capacity of SMEs in the app ecosystem, we caution against regulatory interventions that could disrupt this delicate balance and erode consumer confidence.



IMPACT OF THE CURRENT REGULATORY LANDSCAPE

In the context of the Digital Markets Act (DMA) implementation, a handful of large app makers have been vocal in advocating for unbundling the services provided by app stores. It's crucial to recognise that these larger companies stand to benefit the most from this, at the expense of smaller players. SMEs rely heavily on platforms for seamless distribution, reach, and visibility; curation by platforms to support privacy, security, and intellectual property needs; as well as accessibility features and tools.

The scope of DMA implementation appears to be expanding beyond

its original intent, creating ongoing uncertainty. This makes it difficult for SMEs, with their limited resources, to plan and grow. Uncertainty also affects their ability to secure funding.

The Commission must continue to involve all stakeholders, including SMEs, throughout the DMA implementation. We urge policymakers to prioritise consistent, transparent implementation that reflects the realities of the digital economy in a way that maintains stability and consumer trust in the app ecosystem.