

# Internet Head Enterprises of the Monopoly Media Reports Analysis

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**Abstract.** This paper takes the monopoly of relevant domestic Internet enterprises as a case to climb the market share analysis of Tencent, Meituan, Sina Weibo and other Internet enterprises through network crawler technology, as well as the social influence as a sample framework analysis and classification by data comparison and desktop research. Research found that the Internet rapid popularization of digital economy development now, Internet companies in steady economic growth at the same time also strengthen the Internet head enterprise market monopoly, Internet head companies abuse market position forced or restrict trading, bundling, monopoly pricing and a series of monopoly behavior also have negative impact on market efficiency[1].

## 1 INTRODUCTION

Internet enterprises take advantage of the huge number of customers, and achieve the purpose of controlling the market through capital and traffic. Today, not to mention that Chinese people are only BAT (Baidu, Ali, Tencent)

and TMD (Toutiao, Meituan, Didi). The US is also dominated by Apple、Google、Facebook、Amazon, and the global pace seems to be consistent. Internet services that people use have become more "centralized", Especially after moving from the PC end to the mobile Internet, this trend is still intensifying.

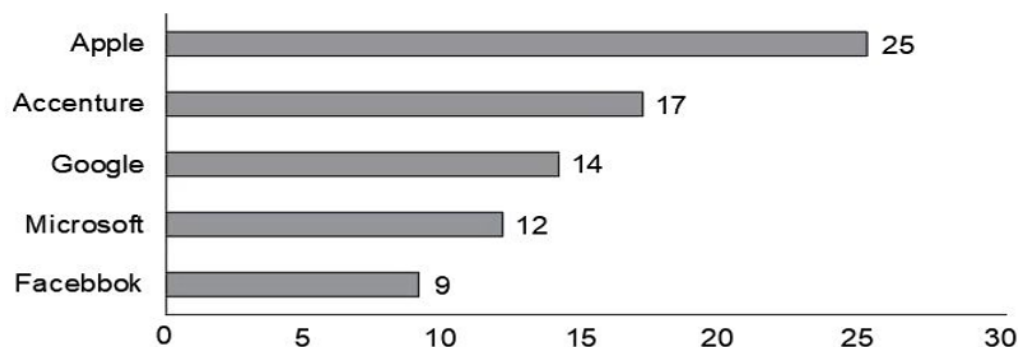


Fig.1. The top five acquirers of global AI companies and their acquisitions from 2016 to 2020

## 2 The emergence of problems

Since entering the 21st century with the rapid development of information technology makes China's Internet industry has entered the vigorous development period, relying on our huge population base, a large number of entrepreneurs into the Internet industry, in the domestic broad market and the support of government policy gave birth to a batch of the market is high, influential Internet companies. However, with the rapid development of these enterprises and the gradual evolution of these enterprises into Internet platforms, the

monopoly behavior of Internet enterprises using their dominant market position and influence has become more and more intense.

Since the implementation of China's Anti-monopoly Law in 2008, the monopoly problems in various fields have been effectively controlled, but the monopoly problem of Internet-related enterprises has not been well solved, and there are still some difficulties and difficulties. Different from the traditional industry, the Internet industry has a very large user group. If the monopoly behavior can not be effectively handled and controlled, then the heavy losses and final damage caused can only be borne by the vast number of users of

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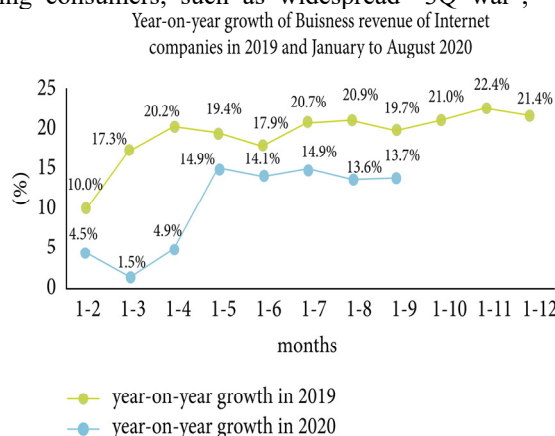
the Internet enterprise. The comparison between Internet enterprises and traditional industries has their own uniqueness in their market composition and market competitiveness. Traditional antitrust authorities usually struggle to determine the monopoly behavior of enterprises related to the Internet. In order to further restrict the monopoly behavior of Internet enterprises, improve the operation efficiency of the Internet economy, and create a fair, just and open competitive environment in the Internet market.[7] It is an important theoretical and practical problem to formulate more applicable rules according to the characteristics of the Internet industry.

### 3 Characteristics of Internet enterprise monopoly

Large Internet platform enterprises with rich data resources and customer information have great market advantages compared with some other enterprises in the industry. When these large enterprises and large platforms gain high benefits, they will restrict some other related small and medium-sized enterprises to enter the industry through various ways and various ways to seek greater benefits for themselves.

The cost of Internet companies mainly comes from the early stage of the software research and development and the cost in the process of propaganda, but once the software development and propaganda also achieved certain effect, the subsequent operation and management cost is extremely low, the enterprise can complete the scale using the effect of economies of scale for market monopoly, make later enter the market competitors cannot break the economies of scale. In a word, the monopoly behavior of Internet enterprises can be summarized as three characteristics: restricted choice, joint consumption and random pricing.

About restricted choice can be understood as having a certain market monopoly enterprises through its market dominance limit consumer choice to achieve the purpose of locking consumers, such as widespread "3Q war",



tencent group using its dominant position in the market in competition with 360 group publicly said installed 360 software computer will not use tencent software requires users choose between 360 and tencent. This behavior seriously damages the interests of consumers, which is the outstanding performance of the characteristic of restricted choice.

Joint consumption refers to Internet companies using their monopoly position when consumers use a software, they will forcibly recommend a large number of other software to consumers. This behavior seriously damages the rights and interests of consumers and undermines the principle of fair market competition. For example, Tencent's QQ and other software usually force users to install a large number of games when they install QQ, so as to increase their market share and seek more benefits. This kind of behavior is the embodiment of joint consumption.

Random pricing refers to that Internet enterprises use their huge customer market to monopolize the pricing of operators at the other end of the market. For example, Didi, Meituan and other Internet companies have been frequently exposed to monopoly pricing behaviors such as arbitrarily raising platform service fees. For example, Meituan has increased the service fees for entering stores, while Didi has increased the intermediary fees and service fees for matching orders. This kind of Internet companies as the buyer and the seller's trading platform, using the principle of pricing balance makes them often through for consumers to take free or very low pricing way to attract a large number of consumers to expand their service groups, while the other end of the platform users charge high fees to trade on both ends of the platform. The more consumers the platform attracts, the more merchants rely on the monopoly platform enterprises to operate, which further consolidates the market dominant position of the platform and facilitates them to set monopoly prices. This behavior is the outstanding manifestation of arbitrary pricing.

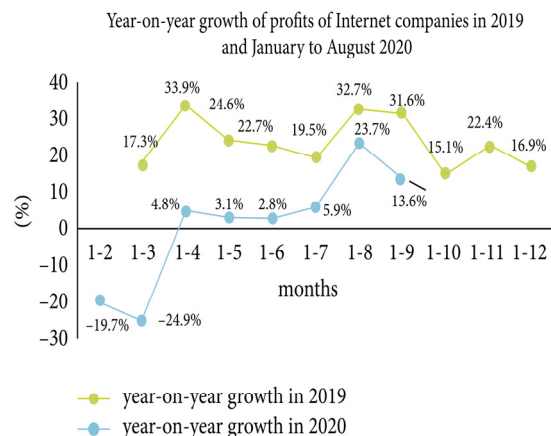


Fig.2. The Internet business profit statement

### 4 How to restrict the monopolistic behavior of Internet enterprises

In order to restrict the monopolistic behavior of Internet

companies, relevant laws and regulations should be established to apply the anti-monopoly law to the digital economy such as Internet companies. Like the traditional economy, the digital economy also needs competitive regulation. Because the digital economy has its particularity compared with the traditional economy,

there is an obvious monopoly trend in this field. The competition system of Internet enterprises should be improved through the formulation of relevant laws and regulations to further promote the fairness and fairness of the market economy to ensure the healthy and stable development of China's Internet enterprises[2].

Secondly, the relevant tax system should be improved. The existing traditional tax system is very conducive to the further expansion of the scale of Internet enterprises in terms of the jurisdiction of tax, the object and tax basis of taxation. Different from traditional enterprises, Internet enterprises are also prone to relevant technical problems in taxation, which makes Internet enterprises enjoy a favorable tax environment compared with the real economy. The head enterprise "benefit more prominent, to some extent, promotes the formation and development of the Internet industry monopoly[3]. In view of this situation, the existing enterprise income tax and enterprise VAT adjustment and value-added tax can alleviate the current tax dilemma to a large extent, but cannot cure the current tax environment is conducive to the monopoly of Internet enterprises. Therefore, it is proposed that the digital service tax is levied on digital services, because there is a certain taxable basis, so it has a certain enforceability. Tax burden balance is the meaning of fair competition. Under the background that the current tax system is too favorable for the Internet industry, it is very important to strengthen the targeted tax regulations for the Internet anti-monopoly [4].

Third, Pay attention to Internet data to prevent Internet head enterprises from self-preferential treatment. under normal circumstances, when the competition pattern in the platform economy field of Internet enterprises gradually stabilizes and has formed a scale, the top platform enterprises tend to build the Internet ecosystem and related interest industry chain, and begin to seek self-preferential treatment by using the monopoly position in the market competition. Self-preference has gradually become the primary competitive topic in the field of platform economy. Self-preferential treatment usually refers to a series of behaviors such as the top

Internet platform using its own monopoly position to continuously consolidate its own market monopoly of the market, squeezing out and suppressing other related competitors. However, the kinds of behaviors and ways of self-preferential treatment are very rich and varied, making it difficult to judge the illegality of self-preferential treatment, and this kind of self-preferential treatment often intersects with other behaviors that abuse the dominant market position. This underscores the limitations of existing antitrust laws. The relief plan of the EU Digital Market Law, which takes connectivity as the basic principle of interconnection, largely solves the problem of self-preferential treatment of Internet leading enterprises. China can learn from this act of the European Union to solve the problem of self-preferential treatment of China's Internet head enterprises in this way, and introduce the right of data portability to alleviate the elimination and restriction of competition effect caused by self-preferential treatment.

Fourth, to ensure fair competition in the Internet industry, the monopoly of the Internet can be called a cancer of the society, to a large extent seriously damaged the fair competition of the society, this monopoly involves daily life[8], clothing, food, housing and other aspects. And this kind of Internet monopoly enterprises are often in the competition period through a little convenience and preferential to occupy a large number of the market into the large leek harvest scene "shared bikes", "Didi taxi", "buy tickets" and so on are precedent and have exposed the horror of the Internet monopoly. From the beginning of the time to burn money to grab the flow, the middle of several head enterprises merger, finally formed a subdivision of the industry monopoly. On the market of small shops, catering, taxi industry gathered to the platform. In the end, small, medium and micro entrepreneurs have become delivery workers and delivery delivery drivers, which seriously affects the fair competition in the society. For fair competition, we should not only be evidence to consumers and competitors' market share, but also fully guarantee the right of defense of the sued monopolists to truly create a fair and just market competition environment[5].

**Table 1**  
 Data of monopoly cases concluded in 2019.

Case types	Number of cases closed (pieces)	Amount of confiscation (million yuan)
Monopoly agreement	12	27,713
Abuse of dominant market position	4	3387
Illegal implementation of concentration	18	725
Abuse of administrative power to exclude and restrict competition	12	—
Total	46	31,825

**Fig.3.**Legal Governance of Internet Platform Monopoly Based on Big Data Analysis: A Review of Alibaba Case

## 5 Conclusion

Some Internet head enterprises through the early crazy burn money and then obtain traffic in the monopoly market after the big data kill or force users to choose one to finally completely complete the oligopoly, and then hold capital to harvest other industries without difference. For example, in the takeout industry, when the takeout industry passes through the early competition and merger, When there are only two takeout platform, a large number of restaurants in China have to pay both rent and high service fees of the delivery platform, which makes a lot of restaurants have to reduce the quality of restaurant dishes, It has seriously affected the consumption experience of consumers.

Winner-takes-all seems to be a common social phenomenon in human society, but in the Internet field, this phenomenon may be more significant, [6] even to some extent, the typical feature of the Internet field is winner-takes-all. Since entering the 21st century, China's Internet industry has developed rapidly, showing a very strong vitality and vitality, so that the whole society can enjoy the benefits brought by the Internet. But due to the Internet industry has a lot of limited competition and lack of effective preventive measures to make the market this invisible hand in the Internet industry regulation effect is not obvious, fair competition is the basis of reasonable market operation, if there are a lot of restrictions and hinder competition monopoly, will lead to paralyzed market economy, antitrust is particularly important.

At present, platform enterprises have become an important organizational mode for enterprises[9]. The strong economy of scale and the economy of scope have produced the increasing effect of "return to scale", but they also have the potential hidden danger of reducing the vertical liquidity of enterprises and inhibiting enterprise innovation. Once the innovation space is locked up by these Internet beasts, China is likely to lose the opportunity of a new round of industrial revolution and thus lose in the stage of the war between China and the United States. Therefore, the problem of Internet monopoly caused by Alibaba and Tencent is not a small problem, but a big problem related to national rejuvenation. Therefore, preventing Internet enterprise monopoly can not only ensure fair market competition, but also improve the efficiency of economic operation. It has great and far-reaching significance to safeguard the interests of consumers and social public interests [10], promote the healthy development of socialist market economy, and warn Internet entrepreneurs.

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