ARE DIGITAL PLATFORMS BOUND TO DECAY? AN ECONOMIC EXAMINATION OF THE "ENSHITTIFICATION" THESIS

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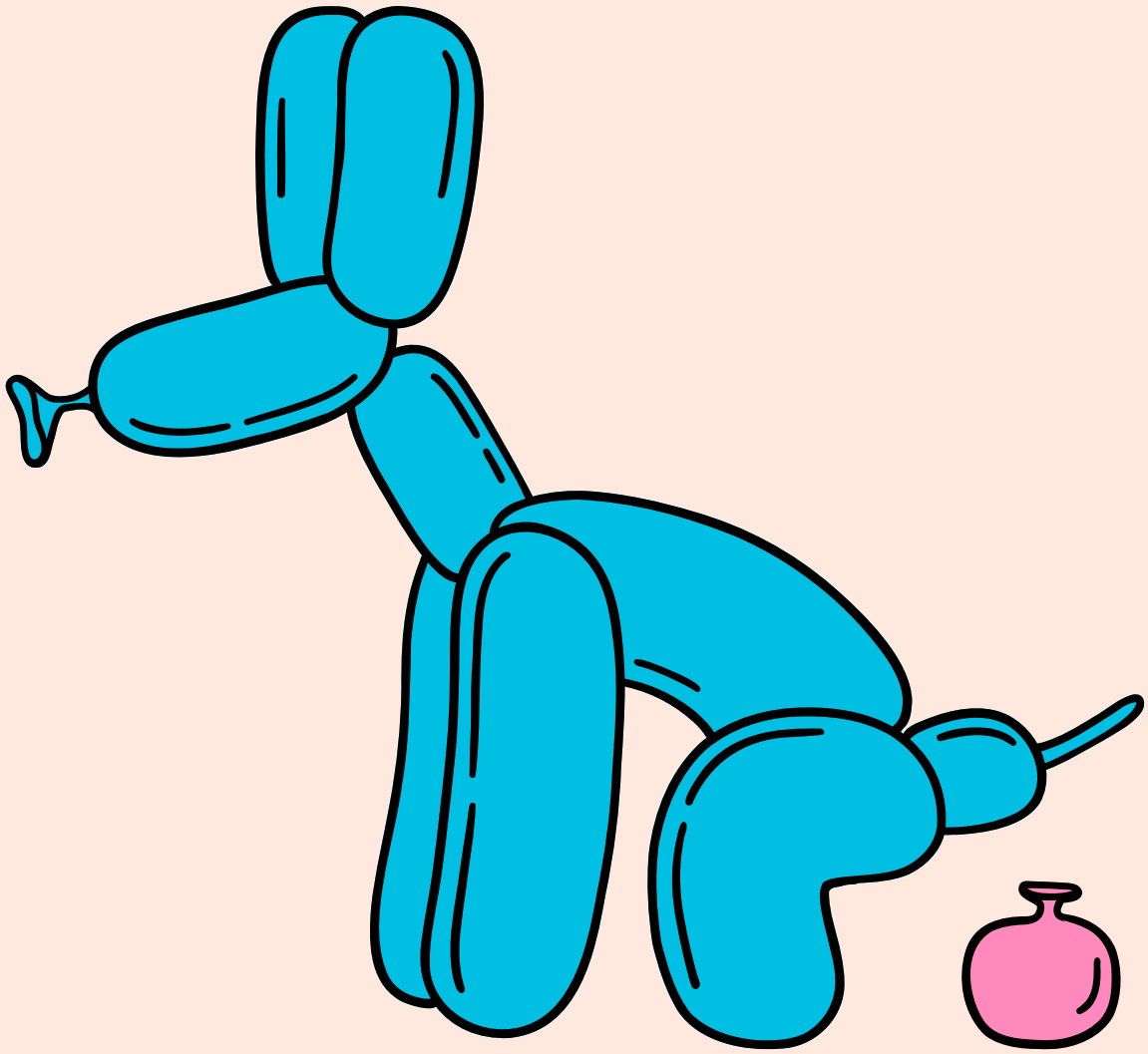
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ARE DIGITAL PLATFORMS BOUND TO DECAY? AN ECONOMIC EXAMINATION OF THE "ENSHITTIFICATION" THESIS



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ARE DIGITAL PLATFORMS BOUND TO DECAY? AN ECONOMIC EXAMINATION OF THE "ENSHITTIFICATION" THESIS

By Paul Belleflamme

In this article, I critically evaluate Cory Doctorow's "enshittification" thesis, which posits that digital platforms inevitably decline in quality as they mature, increasingly extracting value from users until they ultimately collapse. Drawing on economic theory and empirical evidence, I explore the mechanisms that may drive this potential decline. My analysis supports certain aspects of the thesis but challenges others. On the one hand, it is generally acknowledged that platforms tend to favor different user groups at various stages of their evolution, and that dominant positions often emerge, which can lead to strategic abuses of market power. On the other hand, being dominant does not necessarily doom a platform to failure, as many continue to thrive despite allegations of value extraction. Furthermore, platform decay can stem not only from excessive dominance but also from intense competition among rival platforms. Finally, I examine how competition policy and regulation can mitigate platform decay without undermining platforms' capacity to create value by solving market failures.

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I. INTRODUCTION

A platform can be defined as an *entity that brings together economic agents and actively manages network effects between them* (Belleflamme & Peitz, 2021, p. 29),[2] where network effects refer to the phenomenon whereby the value of a service to any individual user increases as more users participate.[3] Most platforms mediate interactions between users who belong to distinct groups. These *two-sided* (or *multi-sided*) platforms typically exhibit positive *cross-side network effects*, meaning that growth on one side attracts growth on the other. Uber exemplifies such a platform as it connects drivers with passengers and orchestrates the necessary infrastructure for their interaction. Positive cross-side network effects are present because the value of Uber's infrastructure grows with its usage, as increased participation by drivers generates benefits for passengers, and conversely. Uber actively oversees these effects through strategic measures, such as dynamic pricing, the implementation of reputation systems, and the provision of insurance.

Network effects are central to the economic analysis of platforms, as they not only enable the initial creation of value through users' interaction but also promote sustained value growth by attracting additional users. Digital technologies play a critical role in this process by allowing platform operators to generate and expand value more efficiently and at a greater scale — for example, through real-time data processing and seamless communication. As a result, digital platforms have achieved widespread adoption in numerous sectors of the economy, affecting many aspects of daily life.

Although digital platforms have expanded consumer choice across goods, knowledge, and culture, and facilitated market access for small and medium-sized enterprises, the reinforcing power of positive network effects has allowed some platforms to dominate their respective market. Even if user concentration on a single platform can yield broad benefits, concerns persist regarding the equitable distribution of these advantages. Increasingly, there is scrutiny over whether leading platforms may extract disproportionate value at the expense of user welfare.

The writer and activist Cory Doctorow coined the phrase "enshittification" to encapsulate the idea that platforms become progressively worse or "shittier" for their users as they mature. According to Doctorow (2023),[4] platform decay (a less evocative synonym) follows a three-step process: "*First, [platforms] are good to their users; then they abuse their users to make things better for their business customers; finally, they abuse those business customers to claw back all the value for themselves. Then, they die.*"[5] Doctorow's thesis is thus that decay is a deliberate strategy by platform operators to extract maximum value from the platform users (and not a result of neglect or incompetence).

In this article, I examine to what extent the "enshittification" thesis is grounded in solid economic principles. I first explain how economic theory and management practice strongly concur with the first step of the process but may disagree with the second one (Section II). Next, I describe two situations in which platform decay may well occur: uncontested dominance by a single platform (Section III) or cut-throat competition among several platforms (Section IV). Finally, I discuss how regulation can prevent platform decay (Section V) and I conclude, briefly discussing the third step of Doctorow's prediction (Section VI).

II. A CORRECT START … BUT A QUESTIONABLE SEQUEL

A. "First, they are good to their users; then they abuse their users …"

Slightly rephrasing the first step of Doctorow's prediction, we should observe that platforms sequentially favor one or the other user group. The economic and management literature largely supports this view.

2 Belleflamme, Paul & Martin Peitz (2021). *The Economics of Platforms. Concepts and Strategies.* Cambridge: Cambridge University Press. https://doi.org/10.1017/9781108696913.

3 We refer here to *positive* network effects. *Negative* network effects, whereby value *decreases* with the level of participation, may also arise on platforms. Platforms manage both types of network effects.

4 Doctorow, Cory (2023). The 'Enshittification' of TikTok. Or how, exactly, platforms die. *Wired* (January 23). https://www.wired.com/story/tiktok-platforms-cory-doctorow/.

5 Facebook is often presented as a classic case of enshittification (Doctorow, 2023; Hartford, 2023; Krugman, 2025). Initially, the platform provided a positive user experience, allowing people to connect with friends and family easily. Over time, Facebook began prioritizing content from businesses and advertisers, making it harder for users to see posts from their connections. The platform also started harvesting user data more aggressively to benefit its advertising customers. Eventually, Facebook's focus shifted to maximizing profits, leading to controversies like the Cambridge Analytica scandal, which caused many users to lose trust in the platform. This progression is seen as an illustration of the three stages of enshittification: from user-friendly to business-oriented, and finally to shareholder-focused at the expense of both users and business customers. See Hartford, Tim (2023). The enshittification of apps is real. But is it bad? *Financial Times* (March 3). https://www.ft.com/content/acaf3fb1-d971-48ad-8efb-c82787cdd2fc and Krugman, Paul (2025). The General Theory of Enshittification. It isn't a new phenomenon, but it seems to matter more. *Substack* (July 24). https://paulkrugman.substack.com/p/the-general-theory-of-enshittification.

When launching a new platform, network effects prove to be both a curse and a blessing. On the one hand, they pose a challenge, as each user's decision to join depends on their expectations about others' participation — potentially leaving the platform a "ghost town" if users refrain from joining out of fear that others will do the same. On the other hand, network effects can be a decisive advantage. Once initial participation is sparked within one group, it can ignite a positive feedback loop, with growth on one side attracting further development on the other.

In this context, the central strategic challenge — commonly referred to as the *chicken-and-egg* or *mutual-baiting* problem — is determining which user group to prioritize when initiating operations. In general, it is more profitable to target first the user group that yields the most efficient "bait." Two key factors serve to identify this group: attraction power and user acquisition cost (Belleflamme & Neysen, 2023).[6] Other things equal, it pays to focus on users who generate stronger cross-side network effects (larger attraction power) and/or are easier to reach, persuade, and onboard (smaller user acquisition cost)

To accomplish this, platforms leverage both pricing strategies (such as fees for joining or using the service) and non-pricing tactics (including governance rules, platform design, and value-added services). Typically, platforms extend more favorable terms to the user group chosen as the initial bait, offering low prices — sometimes even subsidies — and superior service quality. In contrast, the other group tends to face higher prices and may receive a relatively lower standard of service. Seminal theoretical works on two-sided platforms explain the rationale for this skewed price structure: taking the cross-side network effects into account, platforms set low prices (occasionally below cost) for one group while recouping costs through higher charges on the other side (Rochet & Tirole, 2003, 2006;[7] Armstrong, 2006).[8] In the management literature, this approach is described as charging the "money side" to offset investments previously made in attracting the "subsidy side" (Eisenmann, Parker & Van Alstyne, 2006).[9]

Once platforms have successfully launched, they may reverse which user group receives subsidies and which bears the costs, as the relative balance of attraction powers and user acquisition costs between the two groups may have changed. Ride-hailing platforms exemplify this strategy. During the initial phase, these platforms rapidly attract drivers by offering generous incentives, cash bonuses, and vehicle financing programs. Drivers are often encouraged to purchase or lease vehicles with these subsidies, anticipating that consistently high earnings from platform work will allow them to repay their debts comfortably. However, after achieving scale, platforms shift their focus toward maximizing customer acquisition and retention. Driver incentives are gradually withdrawn, as many drivers remain tied to the platform — compelled to continue working to meet their debt obligations (Maffie, 2022,[10] 2023).[11]

In summary, both theoretical frameworks and empirical evidence demonstrate that platforms consistently privilege one user group over the other — and that the identity of the favored group may shift over time — thus corroborating the initial stage outlined in Doctorow's thesis.

B. "Finally, they (…) claw back all the value for themselves."

The second stage of Cory Doctorow's theory of enshittification posits that platforms ultimately extract all available value from their users to maximize their profits. While it is self-evident that for-profit platforms aim to maximize returns, the more nuanced question is whether this is achieved by appropriating all user-generated value. To properly assess this, it is essential to understand how value is created on a platform and how it manifests to users.

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6 Belleflamme, Paul & Nicolas Neysen (2023). Platform Strategies. A Guidebook for Entrepreneurs in the Platform Economy. London: Routledge. https://doi.org/10.4324/9780429490873.

7 Rochet, Jean-Charles & Jean Tirole (2003). Platform competition in two-sided markets. *Journal of the European Economic Association* 1, 990–1029. https://doi.org/10.1162/154247603322493212; Rochet, Jean-Charles & Jean Tirole (2006). Two-sided Markets. A Progress Report. *RAND Journal of Economics* 37, 645 — 667. https://doi.org/10.1111/j.1756-2171.2006.tb00036.x.

8 Armstrong, Mark (2006). Competition in two-sided markets. *Rand Journal of Economics* 37, 668–691. https://doi.org/10.1111/j.1756-2171.2006.tb00037.x.

9 Eisenmann, Thomas, Geoffrey Parker & Marshall W. Van Alstyne (2006). Strategies for two-sided markets. *Harvard Business Review* 84 (10), 92. https://hbr.org/2006/10/strategies-for-two-sided-markets.

10 Maffie, Michael David (2022). Becoming a Pirate: Independence as an Alternative to Exit in the Gig Economy. *British Journal of Industrial Relations* 59, 123-149. https://doi.org/10.1111/bjir.12668.

11 Maffie & Hurtado (2025) show that the same applies in the grocery delivery sector. They identify three mechanisms through which platforms extract greater value from workers over time. See Maffie, Michael David & Hector Hurtado (2025). The Enshittification of Work: Platform Decay and Labour Conditions in the Gig Economy. *British Journal of Industrial Relations* (ahead of print). https://doi.org/10.1111/bjir.70004. See also Maffie, Michael David (2023). Visible Hands: How Gig Companies Shape Workers' Exposure to Market Risk. *Industrial Relations* 63, 59-79. https://doi.org/10.1111/irel.12337.

Value co-creation. On platforms, users are not simply passive consumers — they serve as active co-creators. The bulk of a platform's value derives from interactions among its users, which the platform must first organize and then manage effectively. Fundamentally, a platform generates value by orchestrating and enabling the collaborative production of value through its user community. As a result, value creation and allocation on platforms are dynamically interconnected, with how value is shared between platform owners and users directly influencing the potential for value creation. As previously explained, this relationship manifests in two key ways. First, platforms often incur losses initially to attract a larger user base, subsidizing early users to stimulate growth. Second, platforms can more effectively launch and scale by granting a larger share of value to user groups that exert a stronger attraction on others. Strategically adjusting value allocation in the present enhances the platform's capacity for future value creation. Overall, as platforms grow, they tend to allocate a smaller share of value to users, and the distribution among user groups varies across time.

Nature of value. Platform users typically receive two types of benefits: *network benefits* gained from interacting with other users, and *intrinsic benefits* derived from the platform's functionality, usability, and convenience. Ideally, platforms aim to enhance both aspects simultaneously. However, growing in scale and increasing network benefits often requires compromises on quality, user experience, or innovation. These trade-offs are often driven by the need to maintain compatibility with the platform's earlier functionalities or other platforms, ensuring the retention of existing users or attracting new ones (McIntyre & Srinivasan, 2017;[12] Cennamo & Santaló, 2019).[13]

In this context, it is misleading to evaluate the value users derive from a platform at a single point in time. What truly matters is the flow of value distributed to users over the platform's entire lifespan. Network effects cause this flow to fluctuate for three reasons: first, total value grows with the number of users; second, platforms cycle between offering generous deals to attract users and extracting higher value for monetization (so-called "bargain-then-ripoff" pricing); third, there can be a trade-off between network benefits and intrinsic benefits.

For users to receive a fair share of value, early bargains must offset future rip-offs, and network effects must remain strong as the platform expands.[14] Otherwise, Doctorow's prediction may come true: platforms could prioritize their own interests by gradually extracting an increasing share of value from their users. In the following two sections, I explore two scenarios in which this concerning outcome might occur.

III. ABUSE OF MARKET POWER BY AN UNCONTESTED PLATFORM

The "enshittification" thesis rests on three implicit assumptions: that a platform (i) has gained market power, (ii) abuses this power, and (iii) deteriorates the quality of its services as a result. Each of these assumptions warrants closer examination.

A. Market Power

In markets with two-sided platforms, measuring market power is more challenging than in other markets, since relying solely on conventional metrics like market share, profit, or price-cost margins can yield conflicting conclusions (Belleflamme, Peitz & Toulemonde, 2022).[15] Consequently, a comprehensive approach is required — one that considers multiple factors, such as the platform's control over user bases on both sides, its capacity to set and structure prices, create switching barriers, restrict access to data, and influence the behavior of competitors.

This multifaceted perspective captures the various forces that either promote or impede the development of market power within digital platform markets. On the one hand, the positive feedback loops resulting from cross-side network effects can lead a single platform to capture most (if not all) potential users — a phenomenon known as *tipping* or *winner-takes-all (most)* — especially when scale economies and data-driven reinforcement are at play. Network effects can thus be seen as a natural source of market power. On the other hand, several countervailing forces encourage users to join different platforms. Competition is often softened through differentiation — horizontally, when users prefer distinct platform features and identities, and vertically, when platforms vary in perceived quality. For example, some platforms prosper by serving niche geographies, specialized product segments, or premium customers. Additionally, users may participate in multiple platforms (multihoming) or

12 McIntyre, David P. & Arati Srinivasan (2017). Networks, Platforms, and Strategy, Emerging Views and Next Steps. *Strategic Management Journal* 38, 141-160. https://doi.org/10.1002/smj.2596.

13 Cennamo, Carmelo & Juan Santaló (2019) Generativity Tension and Value Creation in Platform Ecosystems. *Organization Science* 30, 617-641. https://doi.org/10.1287/orsc.2018.1270.

14 Hagiu & Wright (2020) lists seven questions to evaluate the strength of network effects on a platform. See Hagiu, Andrei & Julian Wright (2020). Seven Questions to Evaluate Network Effects Moats. *Platform Chronicles* (December 2). https://platformchronicles.substack.com/p/network-effects-and-defensibility.

15 Belleflamme, Paul, Martin Peitz & Eric Toulemonde (2022). The Tension between Market Shares and Profit under Platform Competition. *International Journal of Industrial Organization* (81), 102807. https://doi.org/10.1016/j.ijindorg.2021.102807.

benefit from interoperability, reducing the urge to concentrate on a single platform. Negative same-side network effects — such as congestion or competition among sellers on a marketplace — also limit the appeal of large, dominant platforms.

B. Abuse

There is a consensus that market power, once established, is generally harder to challenge in markets with digital platforms than in traditional markets (Crémer *et al.*, 2024).[16] Indeed, once platforms have achieved scale and network dominance, they possess a range of strategies to limit competition and reinforce their market position. First, they may forge exclusive agreements with key partners, restricting their ability to work with competing platforms. Second, they may increase switching costs and deepen user lock-in by limiting the portability of user profiles, transaction histories, or reputational capital. Third, they may employ technical or contractual restrictions that discourage multihoming. Additionally, by leveraging a vast amount of proprietary user data, platforms can personalize their offerings, target advertising, and optimize recommendation engines more effectively than newer or smaller entrants. Finally, platforms may use their market power to influence regulatory standards or policies in ways that cement their position.[17]

C. Quality Deterioration

Clearly, such entrenched dominance is detrimental to platform users as it limits their ability to engage with competitors. In traditional markets, market power typically results in higher prices and/or lower quality — both currently and in the future — imposed by the incumbent. In markets with digital platforms, however, prices are often set at zero for one user group, making price changes more rigid. As a result, market power in these settings is more likely to manifest through quality deterioration than price increases.

Platforms can assume three main roles: orchestrator (facilitating interaction), infomediary (managing information flows), and trusted third party (certifying users' reliability). Dominant platforms can fall short in each of these roles. First, as orchestrators, dominant platforms may directly **diminish the value for money** for their users. They can achieve this by *lowering service standards*, such as relaxing quality controls and permitting more counterfeit or subpar offerings (Casner, 2020)[18] or introducing deceptive features (Johnen & Somogyi, 2024).[19] Additionally, they can degrade the user experience by *increasing advertising* — for example, by exposing users to more frequent, intrusive, or poorly labelled ads (Choi & Jeon, 2023).[20]

Second, as infomediaries, dominant platforms can **manipulate information**, thereby impairing the user experience (Schinkel & van Oosten, 2025).[21] This can occur by distorting *search and ranking algorithms*, often prioritizing sponsored or paid content, which diminishes the visibility of organic, relevant, or high-quality results (de Cornière, 2016;[22] Hunold, Kesler & Laitenberger, 2020).[23] Also, hybrid platforms — which admit third-party providers while offering products or services themselves — may engage in *self-preferencing*, systematically favoring their own products or services over those of competitors or independent sellers (Etro, 2023).[24]

Third, dominant platforms can **undermine privacy and trust**, thereby failing in their role as trusted third parties. This is primarily driven by the *monetization of personal data*, which compromises user privacy and increases the risk of manipulation or misinformation (Economides

16 Crémer, Jacques, Gregory S. Crawford, David Dinielli, Amelia Fletcher, Paul Heidhues, Monika Schnitzer & Fiona M. Scott Morton (2023). Fairness and Contestability in the Digital Markets Act. *Yale Journal on Regulation* 40, 973-1024. https://www.yalejreg.com/print/fairness-and-contestability-in-the-digital-markets-act/.

17 While dominant platforms may employ these strategies to strengthen their market position, it is important to recognize that none of these strategies are inherently anticompetitive. For instance, Peitz (2025, p. 578) notes that, depending on the environment, "[granting sellers] exclusivity may affect incumbent and entrant platforms differentially — it may serve as an entry deterrent or, conversely, benefit an entrant platform." See Peitz, Martin (2025). Governance and Regulation of Platforms. In: Ménard, C., Shirley, M.M. (eds) *Handbook of New Institutional Economics*. Springer, Cham. https://doi.org/10.1007/978-3-031-50810-3_23.

18 Casner, Ben (2020). Seller Curation in Platforms. *International Journal of Industrial Organization* 72, 102659. https://doi.org/10.1016/j.ijindorg.2020.102659.

19 Johnen, Johannes & Robert Somogyi (2024). Deceptive Features on Platforms, *The Economic Journal* 134, 2470–2493, https://doi.org/10.1093/ej/ueae016.

20 Choi, Jay Pil & Doh-Shin Jeon (2023). Platform Design Biases in Ad-Funded Two-Sided Markets. RAND Journal of Economics 54, 240-267 https://doi.org/10.1111/1756-2171.12436.

21 Schinkel, Maarten Pieter & Ruben J van Oosten (2025). Breaking up Big Tech: Scissor-Line Suggestions for Smart Cuts, *Journal of Antitrust Enforcement* 13, 237–264. https://doi.org/10.1093/jaenfo/jnae048.

22 de Cornière, Alexandre (2016). Search Advertising. *American Economic Journal: Microeconomics* 8, 156–188. https://doi.org/10.1257/mic.20130138.

23 Hunold, Matthias, Reinhold Kesler & Ulrich Laitenberger (2020). Rankings of Online Travel Agents, Channel Pricing, and Consumer Protection. *Marketing Science* 39, 92-116. https://doi.org/10.1287/mksc.2019.1167.

24 Etro, Federico (2023). E-commerce Platforms and Self-Preferencing. *Journal of Economic Surveys* 38, 1516. https://doi.org/10.1111/joes.12594.

& Lianos, 2021).[25] Additionally, platforms may *underinvest in security* measures, leaving users more vulnerable to breaches and further eroding trust (Lam & Seifert, 2023).[26]

Furthermore, dominant platforms can indirectly degrade service and product quality by acquiring promising start-ups and subsequently discontinuing their innovative offerings, a tactic often employed to neutralize potential future competition. By eliminating these emerging products — rather than integrating or advancing their innovations — incumbent platforms hinder market dynamism and limit consumer choice, prioritizing the preservation of their own dominance over continued progress and industry diversification (Gautier & Maitry, 2024;[27] Bottan & Gautier, 2025).[28]

IV. CUT-THROAT COMPETITION AND RACE TO THE BOTTOM

Thus far, we have examined the thesis that "enshittification" occurs after a platform gains significant market power. At this stage, platforms transition from subsidizing users and partners to extracting rents through increased fees or reduced service quality. However, even in the absence of monopolistic dominance, platforms engaged in ongoing competitive arms races can still undermine welfare across all market participants. Unlike the "enshittification" driven by monopoly power, this decline results from tactical survival strategies: excessive subsidies erode thin margins, service standards are lowered to accommodate higher volumes, and short-term gains are often offset by decreased earnings for workers and merchants. As competition intensifies, platforms tend to avoid long-term investments in genuine service quality, pushing the entire ecosystem toward a lower-welfare equilibrium.

A pertinent example is China's food-delivery industry. Recently, the sector has been embroiled in a fierce price war among major players, including Meituan, Alibaba's Ele.me, and JD.com, each investing billions in subsidies and discounts to secure user loyalty and market share. Yet, this aggressive competition has led to a lose-lose scenario for nearly all stakeholders (The Economist, 2025).[29] Consumers initially benefited from lower prices and free offers, but merchants and small vendors are now struggling with declining margins, while drivers face reduced incomes and longer hours. Meanwhile, the platforms themselves are experiencing squeezed profits, raising questions about the industry's long-term sustainability.

The risk of intense competition leading to quality deterioration is not unique to markets with two-sided platforms. As explained in OECD (2013), "increased competition can either cause quality levels to rise, if firms begin to compete more vigorously in relation to quality attributes, or to fall, if the need to reduce prices leads to a concomitant reduction in quality as production costs are cut."[30] Arguably, the latter outcome is more probable in environments characterized by information asymmetry, high price sensitivity, and limited regulatory or reputational checks (Ezrachi & Stucke, 2015).[31]

In markets with digital platforms, the interplay of network effects and multidimensional competition further complicates these dynamics. Deterioration in quality on one side — be it workers, merchants, or consumers — can create feedback loops that accelerate overall decline or trigger further cost-cutting measures. It is also theoretically possible that in competitive two-sided markets, a marginal decrease in quality could prove strategically advantageous for platforms, as it weakens price competition. This can lead to an equilibrium in which platforms intentionally degrade the quality of their services. Consequently, users derive lower benefits from both platforms, which may undermine overall welfare (Belleflamme & Toulemonde, 2016).[32]

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25 Economides, Nicholas & Ioannis Lianos (2021). Restrictions On Privacy and Exploitation In The Digital Economy: A Market Failure Perspective, *Journal of Competition Law & Economics* 17, 765–847. https://doi.org/10.1093/joclec/nhab007.

26 Lam, Wing Man Wynne & Jacob Seifert (2023), Regulating Data Privacy and Cybersecurity. *Journal of Industrial Economics* 71: 143-75 https://doi.org/10.1111/joie.12316.

27 Gautier, Axel & Robert Maitry (2024). Big Tech Acquisitions and Product Discontinuation. *Journal of Competition Law & Economics* 20, 246-263. https://doi.org/10.1093/joclec/nhae010.

28 Bottan, David & Axel Gautier (2025). Tech Giants and Startup Acquisitions: Insights from the Evolution of Acquired Products. *CPI Antitrust Chronicle* (April).

29 The Economist (2025). Everyone Loses in the Rage of China's Delivery Wars, July 31st. https://www.economist.com/china/2025/07/31/everyone-loses-in-the-rage-of-chinas-delivery-wars.

30 OECD (2013). The Role and Measurement of Quality in Competition Analysis: Key findings, summary and notes, *OECD Roundtables on Competition Policy Papers*, No. 141, OECD Publishing, Paris, https://doi.org/10.1787/46db870b-en.

31 Ezrachi, Ariel & Maurice E. Stucke (2015). The Curious Case of Competition and Quality, *Journal of Antitrust Enforcement* 3, 227–257, https://doi.org/10.1093/jaenfo/jnv023.

32 Belleflamme, Paul & Eric Toulemonde (2016). Tax Incidence on Competing Two-Sided Platforms: Lucky Break or Double Jeopardy. CESifo Working Paper Series No. 5882, https://ssrn.com/abstract=2777364.

V. REGULATORY RESPONSES

For quality deteriorations that would result from a platform's **abuse of market power**, proactive competition policy and *ex ante* regulation are essential to contain the problem. In the European Union, the Digital Markets Act ("DMA") exemplifies this approach by targeting monopoly platforms, known as "gatekeepers," through a framework built on the principles of *fairness and contestability* (De Streel, 2020).[33] Fairness ensures that business users and consumers receive transparent, non-discriminatory treatment (for example, by banning self-preferencing, enforcing equal access to data, and preventing exploitative contractual terms). Contestability, meanwhile, is promoted by mandating interoperability, facilitating user switching, and curtailing practices that lock in users or exclude rivals, thereby creating a more open environment where monopolistic dominance can be challenged.[34] In sum, the DMA's *ex ante* obligations seek to prevent the onset of enshittification before its harms materialize, protecting both market dynamism and user welfare.

In contrast, the United States has traditionally favored ex post antitrust enforcement — intervening after harm is evident — though recent proposals and enforcement actions signal a gradual shift toward more active oversight, especially of Big Tech.[35] China has combined strong state control with targeted regulation, rapidly introducing rules around data, gig economy labor, and platform dominance, especially since 2020.

When enshittification arises from **cut-throat competition**, a robust regulatory response is essential to protect users, workers, and market integrity. As previously explained, unchecked rivalry can lead to a "race to the bottom," with platforms slashing costs by compromising on privacy, labor standards, and product or service quality, ultimately harming both consumers and business users. The European Union takes an *ex ante* stance, setting clear minimum standards and strong consumer and data protections, with consistent enforcement and significant penalties to deter harmful practices across Member States.[36] By contrast, the United States is more fragmented and reactive: regulation often follows crises, relying on ex post antitrust actions and a patchwork of sector-specific rules. China has shifted from a hands-off approach to rapid, interventionist oversight, utilizing both hard and soft law to curb abuses, mandate wages and basic protections, and enforce product quality when public concern arises.

In summary, regulations play a crucial role in mitigating the risks of enshittification — regardless of whether the root cause is monopoly abuse or destructive competition — by establishing safeguards that protect user interests, promote fair competition, and maintain market integrity. However, regulatory interventions must be carefully calibrated to avoid stifling the capacity of current and future platforms to generate value. As previously discussed, digital platforms create value by mitigating or resolving market failures, such as reducing transaction costs, fostering trust among disparate users, or lowering barriers to innovation and participation. Overly prescriptive or rigid regulation can inadvertently reduce innovation, discourage entry, or weaken platforms' ability to solve these core problems. The challenge for policymakers, therefore, is to strike a balance: effective regulation should counteract harmful conduct without diminishing the pro-competitive, value-creating functions that make platforms essential to modern markets.

VI. CONCLUSION

Cory Doctorow's enshittification thesis offers a provocative narrative of how digital platforms can deteriorate over time. Economic analysis, however, shows that this outcome is not inevitable. Scale does not automatically mean irreversible decline: some large platforms, like LinkedIn, have maintained or even improved user experience. Likewise, despite frequent complaints about worsening service or increased extraction of value, dominant platforms rarely collapse spontaneously — Doctorow's prediction that they will simply "die" often proves too stark. At the same time, regulators are increasingly acting to restrain concentrated power and protect quality and fairness, as seen in recent enforcement efforts and laws such as the EU's Digital Markets Act.

33 De Streel, Alexandre (Ed.) (2020). *Digital Markets Act: Making Economic Regulation of Platforms Fit for the Digital Age*. CERRE. https://cerre.eu/publications/digital-markets-act-economic-regulation-platforms-digital-age/.

34 As explained in the DMA: "Contestability and fairness are intertwined. The lack of, or weak, contestability for a certain service can enable a gatekeeper to engage in unfair practices. Similarly, unfair practices by a gatekeeper can reduce the possibility of business users or others to contest the gatekeeper's position." (Council Regulation 2022/1925, 2022 O.J. (L 265) 1, Recital 34).

35 Schinkel & van Oosten (2025, pp. 240-241, *supra* note 17) offer a comprehensive list of antitrust cases and investigations initiated across the United States and Europe over the last two decades.

36 For instance, the EU Directive on Platform Work adopted in March 2024; see Fredman, Sandra, Darcy Du Toit, Alessio Bertolini, Jonas Valente, Mark Graham (2025). Fair Work for Platform Workers: Lessons from the EU Directive and Beyond, *Industrial Law Journal*, dwaf018, https://doi.org/10.1093/indlaw/dwaf018, for a critical analysis.

By contrast, hyper-competitive markets can produce genuinely destructive dynamics. When firms adopt aggressive, zero-sum tactics to win market share, they may collectively degrade service quality, depress labor standards, and hollow out user value — outcomes that can lead to the demise of multiple platforms or leave a single survivor with a pyrrhic victory of diminished sustainability. Thus, the trajectory of enshittification depends on market structure: monopoly power tends to perpetuate decline without immediate collapse, while cutthroat competition risks systemic downfall. Effective regulation is therefore crucial both to limit the hazards of decay and to ensure platforms continue to deliver lasting value for users and workers.