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Exploitation of seller data by marketplace platforms to compete with sellers

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Date: Summer term 2021
Type: (Bachelor's Thesis), Master's Thesis

Motivation and Aim:

Marketplace platforms such as Amazon are increasingly being viewed as a substitute for large brick and mortar stores. This is more so during the pandemic, making Amazon an indispensable platform for both sellers and consumers. These two user groups benefit from agglomeration effects arising from a large platform such as Amazon. Consumers benefit from the variety of products and competition between sellers. Sellers benefit from accessing a large pool of consumer which provides them critical data to innovate and improve their product to anticipate and fulfil consumer needs. Along with sellers, Amazon is also privy to this non-public seller information while also directly competing with sellers (in some product segments) on its platform. This has caused competitive concern as increased sales of sellers also benefits Amazon (through increased data on consumers) which in turn gives it an unfair advantage (see, e.g. a legal case pending at the European Commission (EC case AT 40462)).

The aim of this thesis is to understand the importance of seller data on product innovation and competition in online marketplace. A natural point to start is to look at Hagiu and Wright (2020), where they discuss the importance of data enabled learning.[1] In particular, this thesis will be focused on the standard network effects where more consumers buying a product allow improvement of the product further and so on. How does entry of amazon that has access to this crucial data impact the ability of sellers to compete and innovate? Does entry of Amazon in product category improve quality while reducing price? What product categories does Amazon choose to enter? Does a structural separation remedy (See US House Judiciary Committee (2020)) where amazon is prohibited from entry into product categories benefit or hurt consumers? What is the impact of a remedy where Amazon is not allowed to use seller data and is allowed to enter the market on fair and reasonable terms.

The thesis has to be written in English.

References and related literature:

- EC Case AT 40462

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[1] Another paper of interest might be Kirpalani and Philippon (2020).

- Hagiu, Andrei, and Julian Wright. "Data-enabled learning, network effects and competitive advantage." working paper. 2020.
- US House Judiciary Committee (2020), 'Investigation on competition in digital markets. October, 2020'.
- Kirpalani, Rishabh, and Thomas Philippon. Data Sharing and Market Power with Two-Sided Platforms. No. 28023. National Bureau of Economic Research, Inc, 2020.