Chair of Internet and Telecommunications Business



The dual role of online intermediaries – effects on competition and innovation [Working Title]

Supervisor: Janina Hofmann < janina.hofmann@uni-passau.de>

Date: as of now

Type: (Bachelor's Thesis), Master's Thesis

Motivation and Aim:

A growing number of intermediaries (e.g. Amazon, Nintendo Switch) provide a platform for third-party products and also sell their own products there. This dual role has caused a lot of regulatory attention. The European Union is investigating whether Amazon is abusing its dual role as a seller of its own products and a marketplace operator and whether the company is gaining a competitive advantage from data it gathers on third-party sellers (Mattioli, 2020). Since February 2019 India prohibits Amazon and Flipkart from selling their own products (i.e. Amazon Basic) via their marketplaces (Findlay and Kazmin, 2019). Moreover, Elizabeth Warren proposed a policy to bar Amazon from selling on its own marketplace (Roose, 2019).

The aim of this thesis is to examine whether such intermediaries should be allowed to execute this dual role. Therefore, the model of Hagiu et al. (2020) which analyses the impact of intermediaries as resellers on their own marketplaces should be depicted. The model of Hagiu et al. (2020) should also be compared with other theoretical models concerning this issue. Thereby, the following research questions should be considered: How does the dual role affect competition? How might product innovation be affected by the dual role? What are the welfare effects for third-party firms, the intermediaries as well as the consumers? Which policy remedies might be effective (e.g. structural bans, behavioural remedies)? How does the findings differ across the intermediaries' business models?

References:

- De Corniere, A., & Taylor, G. (2019). A model of biased intermediation. The RAND Journal of Economics, 50(4), 854-882.
- Findlay. S. & Kazmin A. (2019, February 1). India's ecommerce law forces Amazon and Flipkart to pull products. Financial Times. Retrieved from https://www.ft.com/
- Hagiu, A., Teh, T. H., & Wright, J. (2020). Should Amazon be allowed to sell on its own marketplace? *Discussion paper*. http://profile.nus.edu.sg/fass/ecsjkdw/hagiu teh wright may2020.pdf
- Mattioli, D. (2020, April 23). Amazon scooped up data from its own sellers to launch competing products. The Wall Street Journal. Retrieved from https://www.wsj.com/
- Roose, K. (2019, March 13). A Better Way to Break Up Big Tech. The New York Times. Retrieved from https://www.nytimes.com/