

## **The Economics of Dual-Role Online Platforms [Working Title]**

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### **Motivation:**

Many online platform operators that intermediate interactions between two groups of users (typically buyers and sellers) also simultaneously compete with a group of users (typically sellers) on the platform, a model called dual role or hybrid. For example, Amazon operates both as a seller and as a 'marketplace' for other sellers. Many policymakers argue that the integration of these roles leads to a conflict of interest because the platform can use its power to disadvantage the competitors. For example, the European Commission (2020) launched an investigation on the accusations that Amazon treats its own products more favourably than the competitors' by displaying them more prominently (Mattioli, 2019) and using the data of third-party sellers that it gathers through its role as an intermediary to launch competing products (Mattioli, 2020).

### **Goal:**

The aim of this thesis is to examine how this dual role impacts competition on the platform and whether (and which) regulatory interventions should be applied, primarily through the lens of economic theory. A starting point should be the theoretical model of Hagiu, Teh, and Wright (2022), which analyses the impact of the dual role, and compare the model to other theoretical models. 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 and Related Literature:**

European Commission. (2020, November 10). *Antitrust: Commission sends Statement of Objections to Amazon for the use of non-public independent seller data and opens second investigation into its e-commerce business practices* [Press release]. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_2077](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2077)

Hagiu, A., Teh, T.-H., & Wright, J. (2022). Should platforms be allowed to sell on their own marketplaces? *RAND Journal of Economics*, 53(2), 297–327.

Mattioli, D. (2019, September 16). Amazon changed search algorithm in ways that boost its own products. *Wall Street Journal*. <https://www.wsj.com/articles/amazon-changed-search-algorithm-in-ways-that-boost-its-own-products-11568645345>

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