

# Optimal Operating Mode of a Platform

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# In a nutshell

- Platform strategically enters to compete with a monopoly seller
- Sellers compete with homogeneous products
- Platform enters if very efficient and sells or **if inefficient, without selling, to induce more favorable commission profit**
- Finding robust to multiple sellers competing with homogeneous products

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**Interesting new rationale for platform entry as a “governance” choice**

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- ... but reducing  $\tau$  does the same. Dynamic echoes Anderson and Bedre-Defolie (2021): fee lower when platform does not enter (and lower for higher  $c_s$ )
- Endogenizing  $\tau$  doable for  $D(p) = 1 - p$ ; result should survive (the platform *loves* high fees), but might be tempered

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- (Literature: Shopova, 2023 on strategic private label introduction)

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# Miscellaneous comments

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- Anderson, Simon and Özlem Bedre-Defolie**, “Online trade platforms: Hosting, selling, or both?,” *International Journal of Industrial Organization*, 2022, 84, 102861.
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