

Hybrid platforms' screening

Clément Gras, Guillaume Thébaudin

Discussion by Flavio Pino

Summary

- The authors analyze the effects of endogenous screening by a hybrid platform when sellers can be low or high quality.
- To do so, they extend Anderson and Bedre-Defolie (2021)'s model.
- Investing in screening has ambiguous effects on entry, in particular:
 - A more vertically integrated platform invests less in screening (as its products are always high quality);
 - Higher investment in screening would result in higher commissions to sellers (as the average product quality on the platform increases).

Comments

- The paper is timely and both the topic and results are extremely interesting.
- A little clunky to read if not familiar with Anderson and Bedre-Defolie (2021): even if some concepts are the same, explaining them again in your paper would improve readability.
- Similarly, a little too much notation in the Propositions: I think providing more clear intuitions would greatly boost the impact (see PDF).

Suggestions

- You do not analyze the case of complete foreclosure. However, could you say something on whether screening incentivizes or decentivizes it?
- Sellers' quality is exogenous: it could be interesting to see what happens if sellers can choose between in-house production (high cost, guarantees L-type) and outsourcing (low cost, has probability λ of being H-type).
- Could the regulator avoid consumer harm when imposing higher screening by capping commission fees? Is that cap indetifiable?