Investigating the Effect of a Retail Platform's Recommendation of a Seller

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Abstract

A key feature of many retail platforms is that multiple sellers can offer the same product. This feature substantially alters a consumer's purchase journey by adding a seller choice, usually as the last step. Some retail platforms (e.g., Amazon) help consumers by recommending a single seller, others by presenting a set of sellers - typically as a ranking. Despite its likely huge impact on sales, little empirical evidence exists on how retail platforms should do so. Our study uses survey and transactional data to do so. We find, amongst others, that consumers value several offers to choose from but also that the seller selection is not at the forefront of the buying decision. Furthermore, we find that, on average, the retail platform's recommendation, in our case, Amazon's featured offer, quintuple sales, but the effect varies across categories.

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