

Measuring Fair Competition on Digital Platforms

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Abstract

Platform providers in online retailing use the platform to match buyers to sellers. Often, however, they also serve as a seller. This dual role creates a potential conflict of interest: The platform provider could unfairly favor its offers as a seller compared to those from other sellers. We describe a novel approach to determine whether platforms do so and apply it to the search engine on the Amazon marketplace. Despite popular belief, our study does not detect unfair discrimination of third-party sellers by Amazon. Though best-selling products with Amazon holding the buy box are more visible, factors such as prices and sales ranks justify it. Furthermore, Amazon Basics products are only half as visible as a fair ranking would justify. Our approach enables platform participants and regulators to test for unfair and potentially anti-competitive treatment.

Keywords: *Platforms; Competition; Amazon*

Track: Digital Marketing & Social Media