Platform Leakage and Disintermediation Prevention

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Paper from the 52nd Annual EMAC Conference, Odense/Denmark, May 23-26, 2023

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Abstract

Disintermediation has threatened the platform business model. Despite a prevalent issue, disintermediation is understudied due to its unobserved nature. In this study, we overcome this challenge by analyzing a randomized field experiment in which independent contractors were hired as undercover buyers to reach out to sellers under different experimental conditions. We investigate how willing sellers are to engage in buyer-driven disintermediation. The experiment varied (1) if the communication could be monitored by the platform and (2) the magnitude of commission savings from disintermediation. OLS estimates indicate that communications being unmonitored significantly increased the level of disintermediation by up to 21.7 percentage points. Meanwhile, the average treatment effect (ATE) of higher commission savings is statistically insignificant. Next, we apply the causal forest algorithm to estimate the conditional average treatment effects (CATE) for each individual observation. Our second-stage analyses reveal salient treatment heterogeneity across sellers and provide important managerial implications for online platforms.

Subject Areas: *Business-to-Business Marketing, Electronic Commerce and Internet Marketing, Marketing Planning and Implementation, Service Quality, Service Marketing*

Track: Digital Marketing & Social Media