

Resale Royalties in the Creator Economy: Evidence from Digital Asset Markets

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Abstract

Resale royalty rights endow creators with a percentage of the resale price in every secondary market transaction. The role of resale royalties in affecting secondary market prices is a subject of debate. We contribute to this discourse by examining the impact of resale royalties on the secondary market prices of digital assets. We leverage a natural experimental setting, the enforcement policy change of a major platform, limiting resale royalties to a minimum of 0.5%, with a sample of 1.5 million non-fungible token transactions spanning 40 days around the policy change announcement. Our findings suggest that transactions with a 0.5% resale royalty rate exhibited the highest average price. With the policy change, resale prices increase by 9.5%. The primary driver of this price increase is transactions with very low resale royalty rates. These results provide important implications for creators, consumers, and platform when adopting resale royalties in the creator economy.

Subject Areas: *Electronic Commerce and Internet Marketing, Market Analysis and Response*

Track: Digital Marketing & Social Media