

# **Pros and Cons 2017: Market definition in platform markets**

**Kate Collyer**

# Overview

- A very nice paper!
- Key challenges in defining digital markets:
  - Prevalence of “zero” prices to consumers, need to focus on quality
  - Mixed and dynamic business models
- Propose a conceptual framework that focuses on substitution patterns rather than functionality, and suggest some practical steps to take.

# Some thoughts

- What about the situation when a significant proportion of consumers on the “free side” single-home and firms can’t pass through prices?
  - Does this imply a very narrow market definition?
- In practice, “quality” is often multi-dimensional and very difficult to measure.
  - What can we learn from the approach taken in the assessment of other sectors where the quality is the main competitive variable?
- Ultimately, we need to understand (often complex) consumer preferences and substitution patterns.
  - What evidence can we really bring to bear?

# An example: Just Eat/Hungry House



# Possible sources of evidence:

- Consumer surveys
- Data collected by companies
  - Customer comments
  - Rankings on price comparison websites
  - Data on consumer searches and click through
- Google analytics?
- What can we learn from data science?
  - Laboratories
  - Big data – ComScore

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