Economics Research Seminar

“Chasing Market Share in Platform Markets”

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Abstract:
We conduct a two-sided market experiment with two platforms, in which subjects play the role of platform firms. First, we find a positive relationship between market prices and the transportation costs incurred by the consumers. Second, the price paid by consumers from one group is negatively affected by the level of positive externalities exerted on the other group. While the comparative statics results are consistent with the theory of platform competition (Armstrong, 2006), prices do not converge to the equilibrium levels. Existence of subjects who claim to maximize market share (rather than profits) partly explains this result.

Bio:
Dr. Kenan Kalayci is an experimental economist whose research focus is behavioral economics and industrial organization. Kenan received his PhD in Economics from Tilburg University and is a Lecturer and an ARC Discovery Early Career Research Fellow at the UQ School of Economics. His research has been published in the International Journal of Industrial Organisation, Journal of Economic Behaviour and Organisation, and Experimental Economics. Kenan’s research papers and CV can be accessed at http://kenankalayci.com/