

Spring semester 2025

Monday, 4:15 pm – 6:00 pm, S13 WWZ or Auditorium WWZ

Platform Organizations

3 ECTS

- MSc. Business and Economics, Major Labor Economics, Human Resources and Organization
- MSc. Business and Technology, Business Fields Human Resources, Strategy and Organization

Learning Objectives

Of the ten largest companies in the world in terms of market capitalization, seven are platform organizations. Quite a few of these companies have become so large within a short space of time that they can be described as de facto monopolies, at least within submarkets. Students should learn how the phenomenon of platform organizations can be explained in economic terms and how some platform organizations were able to achieve a market-dominating position in such a short time. Students should become familiar with the specific competitive advantages of platform organizations (e.g. zero marginal costs of production, network effects) as well as their most important corporate, competitive and pricing strategies. Finally, the necessity of regulating platform organizations to ensure fair competition will be discussed.

Table of Contents

1. Introduction

- 1.1. The ubiquity of ICT
- 1.2. Digitization of the economy
- 1.3. Key terminology
- 1.4. Outline of the lecture

2. The business environment of platform organizations

- 2.1. Types of platform organizations
- 2.2. Business ecosystems in digital markets
- 2.3. Digital goods and services
- 2.4. Digital markets

3. Economies of scale and transaction costs in the digital economy

- 3.1. Zero marginal costs of producing digital goods and services
- 3.2. Reduced transaction costs in digital markets
- 3.3. Network effects

4. Additional sources of competitive advantage in the digital economy

- 4.1. Multisided platforms (MSPs)
- 4.2. Path dependence
- 4.3. Lock-in and switching costs
- 4.4. The long tail

5. Digital monopolies and oligopolies

- 5.1. Definitions of market types
- 5.2. Formation of monopolies
- 5.3. Formation of oligopolies
- 5.4. The dark side of digital monopolies
- 5.5. Challenges of competition policy
- 5.6. Cartel formation through algorithmic pricing

6. Corporate and business unit strategies in the digital economy

- 6.1. Mergers and acquisitions
- 6.2. Crowdsourcing
- 6.3. Business unit strategies
- 6.4. Product bundling

7. Pricing strategies in the digital economy

- 7.1. Demand curve for network goods
- 7.2. Reducing and increasing asymmetric information
- 7.3. Supply curve with zero marginal costs
- 7.4. Customer loyalty through switching costs
- 7.5. Interactive forms of pricing
- 7.6. Price discrimination
- 7.7. FreeEconomics

8. Digital business models

- 8.1. Modeling concepts
- 8.2. Business Model Canvas
- 8.3. Stakeholder Relationship Model
- 8.4. Business models of selected digital companies

9. Regulation of platform organizations

- 9.1. Surveillance Capitalism
- 9.2. Digital regulation

Textbooks

- Cusumanu, Michael A., Annabelle Gawer, and David B. Yoffie (2019): *The business of platforms: strategy in the age of digital competition, innovation, and power*. Harper Business.
- Jelassi, Tawfik, and Francisco J. Martínez-López (2020): *Strategies for e-Business: concepts and cases on value creation and digital business transformation*, 4th edition. Springer.
- Øverby, Harald, and Jan Arild Audestad (2021): *Introduction to digital economics – foundations, business models and case studies*, 2nd edition. Springer.
- Parker, Geoffrey G., Marshall W. Van Alstyne, and Sangeet Paul Choudary (2017): *Platform revolution: how networked markets are transforming the economy - and how to make them work for you*. W.W. Norton & Company.
- Reillier, Laure Claire, and Benoit Reillier (2017): *Platform strategy: how to unlock the power of communities and networks to grow your business*. Routledge.

Articles

- Cusumanu, Michael A., Annabelle Gawer, and David B. Yoffie (2020): The future of platforms. *MIT Sloan Management Review*, 61(3), pp. 45-55.
- Evans, David S. (2019): Basic principles for the design of antitrust analysis for multisided platforms. *Journal of Antitrust Enforcement* 7, pp. 319-338.
- Evans, David S. and Richard Schmalensee (2013): *The antitrust analysis of multi-sided platform businesses*. Working Paper 18783, National Bureau of Economic Research.
- Gawer, Annabelle, Michael A. Cusumanu, and David B. Yoffie (2023): The platform organization. In: Snow, Charles C. and Øystein D. Fjeldstad (eds.): *Designing adaptive organizations*. Cambridge University Press, pp. 86-103.
- Goldfarb, Avi and Catherine Tucker (2019): Digital Economics. *Journal of Economic Literature*, 57(1), pp. 3-43.
- McIntyre, David, Arati Srinivasan, Allan Afuah, Annabelle Gawer, and Tobias Kretschmer (2021): Multisided platforms as new organizational forms. *Academy of Management Perspectives* 35(4), pp. 566-583.
- Parker, Geoffrey, Georgios Petropulos, and Marshall Van Alstyne (2021): Platform mergers and antitrust. *Industrial and Corporate Change* 30, pp. 1307-1336.
- Parker, Geoffrey and Marshall Van Alstyne (2024): Platforms: their structure, benefits, and challenges. In: Werthner, Hannes, Carlo Ghezzi, Jeff Kramer, Julian Nida-Rümelin, Bashar Nuseibeh, Erich Prem, and Allison Stanger (Eds.): *Introduction to digital humanism: a textbook*. Springer, pp. 523-542.
- Wirtz, Jochen, Kevin Kam Fung So, Makarand Amrish Mody, Stephanie Q. Liu, and HaeEun Helen Chun (2019): Platforms in the peer-to-peer sharing economy. *Journal of Service Management* 30(4), pp. 452-483.