

Incidence of Platform Fees: Evidence from Amazon Marketplace

Hsin-Tien Tsai*

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Abstract

This paper utilizes a unique seller-level panel dataset to study the incidence of platform fees in a dominant digital platform. The identification exploits two platform fee increases that affected a subset of products. The difference-in-differences estimators suggest that about 45% of seller fees were passed on to consumers, and at least 64% of consumer fees were passed on to sellers. The empirical finding suggests that sellers bear more of the burden of platform fees than consumers. We also find that product popularity, market structure, and algorithm design significantly affect the incidence of platform fees.

Keywords: Pass-through, two-sided markets, digital platform, e-commerce, non-neutrality

JEL Code: D22, D43, L11, L81

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