

Peer-to-Peer Sharing in the E-Commerce Market*

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Abstract

This study focuses on the e-commerce market and considers the pricing behavior of a peer-to-peer platform that intermediates transactions between consumers (individuals). We use our analysis to predict how the platform's profit, price, and fee are affected by whether a platform charges the fee to sellers or buyers. Our main results of the analysis are as follows. First, the equilibrium profit of the platform is equivalent, regardless of whether the fee is imposed on sellers or buyers. Second, similarly, the consumer surplus and social welfare are also equal. Finally, the equilibrium price and equilibrium fee result in contrasting ones depending on the cases where sellers pay the fee and where buyers pay the fee. In particular, we find the interesting result that when the cost of supply on the seller side increases, the fee falls in both cases, but the price of goods rises more when a platform charges the fee to buyers than when it charges the fee to sellers. This is because the price movements behind the decrease in fees are different for sellers and buyers.

Keywords: Sharing Economy, Peer-to-Peer, E-Commerce, Fee, Platform

JEL Classification: D21, L81, L86

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