**„Strategy and Economics of Platforms“ (Master)**

**(Lecture and Class)**

**4 SWS / 6 ECTS**

**Jun. Prof. Dainis Zegners**

**Content**

Many of the most successful companies of the digital age such as Google, Facebook, Apple, Microsoft or Amazon can be characterized as Platforms. These firms connect distinct user groups, thereby creating value by enabling interactions between these groups. Platforms are governed by market forces such as network effects that are distinct from traditional markets and therefore have attracted the attention of scholars in strategy and economics, policy makers, and business gurus.

The goal of this course is to introduce students to current research on Platforms from strategy and economics and apply it to management and public policy questions related to Platform markets.

Questions that will be covered are:

* What are the distinct characteristics of Platforms and markets with network effects?
* Why do some Platforms become dominant, while others remain in their niche status?
* What are important strategies for firms in Platform markets?
* How is pricing in Platform markets distinct from traditional markets?
* How do Platforms attract and manage producers of complementary products?
* Why are standards so important in Platform markets and how do firms compete in standards battles?
* What is the role of asymmetric information in Platform markets?
* How to optimally design a Platform?
* How to regulate and conduct public policy in Platform markets?

**Prerequisites**

Questions about strategies in Platform markets will be analyzed using basic tools from game theory. Students should therefore have a basic understanding of concepts such as Nash-Equilibrium and be able to understand basic economic models. The analysis will however be on a basic level accessible not only to economics students but also to students in management.

**Structure**

The course consists of weekly lectures and tutorials. During the lectures, students will learn about the important theoretical concepts using real world examples, basic game theory, and empirical methods. During the tutorials, students will learn how to apply these concepts to management orientated case studies and how to solve simple game theoretic models for themselves.

**Modules**

Lecture, Exercise

**Examination**

Written exam (60 minutes)

**Language**

English

**Initial Requirements**

Basic understanding of game theory (e.g. from introductory microeconomics course)

**Contact Person**

Dainis Zegners (dainis.zegners@uni-koeln.de)

**Literature**

*Popular Science Introductions:*

Brynjolfsson, Erik & McAfee, Andrew (2017). Machine, Platform, Crowd: Harnessing the Digital Revolution. Norton & Company.

Evans, D. S., & Schmalensee, R. (2016). Matchmakers: The New Economics of Multisided Platforms. Harvard Business Review Press.

Hagiu, Andrei (2014). Strategic Decisions for Multisided Platforms. MIT Sloan Management Review. Available at [http://sloanreview.mit.edu/article/strategic-decisions-for-multisided-platforms](http://sloanreview.mit.edu/article/strategic-decisions-for-multisided-platforms/).

*Economics*

Rysman, M. (2009). The Economics of Two-Sided Markets. Journal of Economic Perspectives, 23(3), 125-143.

Rochet, J. C., & Tirole, J. (2003). Platform Competition in Two‐Sided Markets. Journal of the European Economic Association, 1(4), 990-1029.

*Strategy Research*

Gawer, A. (Ed.). (2011). Platforms, Markets and Innovation. Edward Elgar Publishing.