

The **Amazon** business model, the **platform**  
economy and **executive compensation**:

*Three essays in search theory*

## **Intermediary**

*Chapter 2* Marketmaking Middlemen

*Chapter 3* Competing Intermediaries

## **Executive Compensation**

*Chapter 4* Managerial Labor Market Competition  
and Incentive Contracts

## ***Chapter 2* Marketmaking Middlemen**

All

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*Supermarkets  
Retailers  
iTunes*

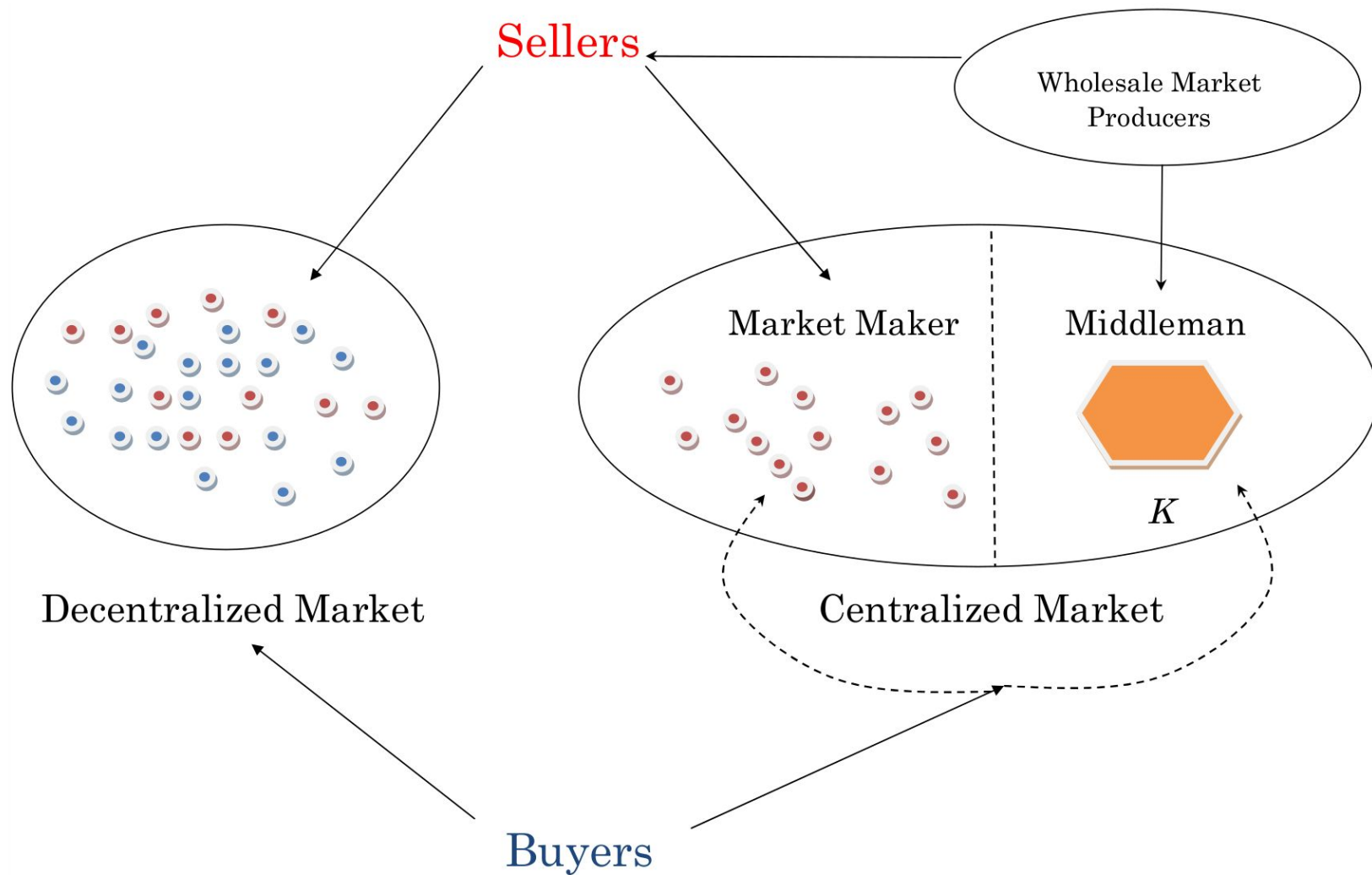
*Amazon, bol.com, Rakuten, JD.com  
Wal-Mart, V&D  
Real estate agents  
Dealers in financial markets*

*eBay, Taobao  
Apple store  
Google Play*

*Pure middleman*

*Marketmaking middleman*

*Pure marketmaker*



## *Predictions*

Middleman is preferred if

- the demand for the good is high
- buyers' outside value is low.

Seller

- ☐ Amazon.com
- ☐ BigKitchen
- ☐ DaSalla's
- ☐ Amazon Warehouse
- ☐ UnbeatableSale, Inc
- ☐ McDonald Paper Restaurant Supplies
- ☐ Chef's Arsenal/Market Warehouse
- ☐ Wasserstrom Restaurant Supply
- ☐ Amazon Global Store UK
- ☐ KaTom Restaurant Supply, Inc

## Availability

- ☐ Include Out of Stock

1-24 of over 8,000 results for Home &amp; Kitchen : Kitchen &amp; Dining : Cookware : All Pans

Sort by Featured



See Color Options

T-fal B1500 Specialty Nonstick One Egg Wonder Fry Pan Cookware, 4.75-Inch, Grey

by T-fal

Eligible for Shipping to Netherlands

\$3<sup>56</sup>~~\$7.99~~

Add-on Item

★★★★☆ 1,372



See Style Options

T-fal Saute Pan with Lid, Nonstick Pan, 5 Quart, Black

by T-fal

Eligible for Shipping to Netherlands

\$19<sup>94</sup>~~\$49.99~~

More Buying Choices

\$13.96 (54 used &amp; new offers)

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See Style Options

Lodge 10.5 Inch Square Cast Iron Grill Pan. Pre-seasoned Grill Pan with Easy Grease Draining for Grilling Bacon, Steak, and Meats.

by Lodge

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\$20<sup>99</sup>~~\$32.99~~

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\$18.99 (42 new offers)

★★★★☆ 3,571



See Size Options

All-Clad Nonstick Frying Pans, Cookware Set, 8 Inch Pan and 10 Inch Pan, Hard Anodized, Black

by All-Clad

Eligible for Shipping to Netherlands

\$59<sup>95</sup>

More Buying Choices

\$41.97 (14 used &amp; new offers)

★★★★☆ 688



## EXPLORE

 Cart

Home Improvement

A stainless steel kadai with two red handles. It is a wide, shallow cooking vessel. A small red and white label is visible on the inside of the rim.

La Ideal

Compare: **Offers for this product** Offers for this product and similar products

☐ Free shipping

☐ Amazon Global Store☒ New

## Buying Options

FULFILLMENT BY AMAZON

- Want it delivered Wednesday, August 22? Order it in the next **1 hour and 28 minutes**, and choose **AmazonGlobal Priority Shipping** at checkout. [See details](#)
- [Shipping rates](#) and [return policy](#).

Shes Chic LLC

★★★★★ **97% positive** over the past 12 months. (5,805 total ratings)

 Add to cart

New

+ \$10.66 shipping

- Shipping rates and return policy.
- International products are sold from abroad and may differ from local products, including fit, age ratings, and language of product, labeling or instructions.
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Amazon Global Store UK



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### Best Sellers





garcima paella polished steel paella pan with red handles 18cm

All Categories

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☐ Include description

Categories

All

Home & Garden

Cookware

Guaranteed Delivery

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- ☒ No Preference
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- ☐ 4 day shipping

Condition

see all

☒ New (1)

Price

\$  - \$

Buying Format

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- ☒ All Listings (1)
- ☐ Accepts Offers
- ☐ Auction
- ☐ Buy It Now (1)

Delivery Options

see all

☒ Free Shipping

Show only

see all

☒ Free Returns

All Listings

Accepts Offers

Auction

Buy It Now

Sort

Best Match

View

☐

1 result [Save this search](#)



Garcima Paellera Polished Steel Paella Pan with Red Handles 18cm

Brand New

\$12.95

Buy It Now  
+\$18.94 shipping  
19 Watching

Customs services and international tracking provided



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\$12.95

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Garcima 18-Inch Enameled Steel Paella Pan, 46cm

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\$51.87

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Customs services and international tracking provided



Garcima 15-Inch Carbon Steel Paella Pan, 38cm

Brand New

\$27.78

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Customs services and international tracking provided

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Paella Pan

Feedback



## *Predictions*

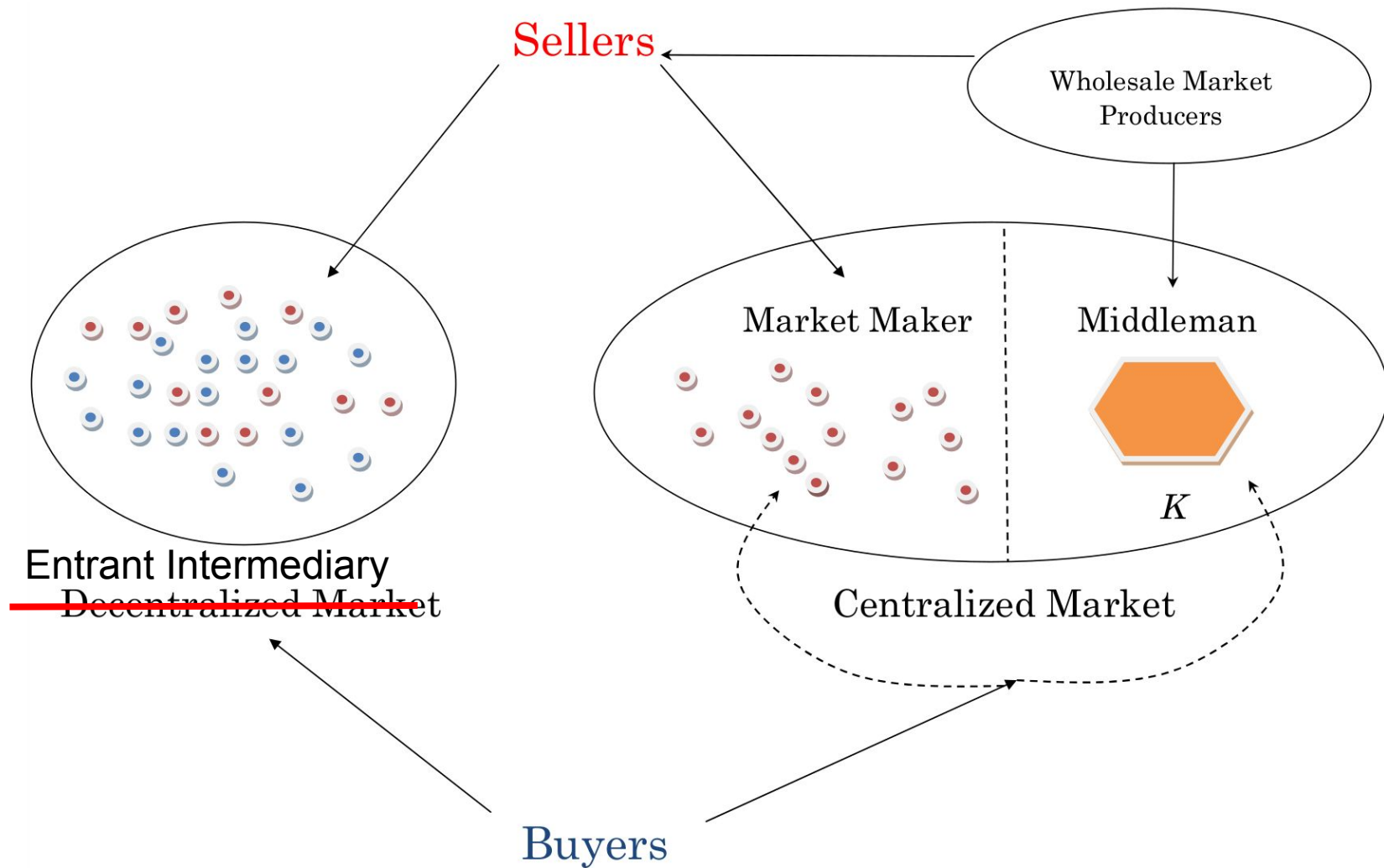
Middleman is preferred if

- the demand for the good is high,
- buyers' outside value is low.

Amazon is more likely to sell the pan if

- the sales rank is high,
- fewer sellers on eBay and eBay price is relatively expensive.

## ***Chapter 3* Competing Intermediaries**



# ***Chapter 4* Managerial Labor Market Competition and Incentive Contracts**

# Research Question

- Firm-size Incentive Premium
  - Why is the fraction of incentives higher in larger firms?
  - New empirical finding:

Controlling for total compensation, year times industry, etc,

$$\text{Cov}(\text{Pay-performance Sensitivity}, \text{firm size}) > 0$$

## *Basic Idea*

- Executive are poached by outside firms.
  - **performance-related pay** and **poaching offers**
  - **performance-based incentives** and **labor market incentives**
- Executives in larger firms are higher on the job ladder
- Labor market incentives decrease with firm size
- More incentive pay is required in larger firms



## *Reduced Empirics*

- Active labor market for executives (5% annual job-job transition rate)
- 65% of job-job transitions are from small to larger firms
- Size incentive premium is larger in industries with more active executive labor market.

## *Structural Estimation*

- Size incentive premium based on model-simulated data is very close to that in real data.

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