

INSIDER IMITATION

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Discussion by
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Timely topic

Enormous policy interest

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General but simple approach that doesn't get lost in second-order details

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Answers concrete questions:

- ▶ Can data-privacy policies foster innovation?
- ▶ If so, what policies and under what conditions?

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An area where theory can be both cutting edge and policy relevant

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2. Upon entry, product demand α is observed by P (data)
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LF Solution: Platform commits to imitate only successful (high α) products

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Does a data ban foster innovation? It depends...

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Highlight 2. The paper finds elegant sufficient conditions:

- ▶ Data ban fosters innovation in markets with “sufficiently thin tail”
- ▶ Data ban hinders innovation in markets with “sufficiently fat tail”

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Highlight 1. A workable set of conditions to characterize solutions to this problem under arbitrary data policies

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2. Data Patents (*temporary* data ban)

Highlight 3. Paper finds optimal data patent and shows it unambiguously improve on LF

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Three small thoughts on:

1. The platform's commitment power
2. The need for new laws
3. The regulator's objectives

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However, this is not the point. The qualitative message of the paper likely holds even with weakened commitment

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Rep. Jayapal: *Does Amazon ever access and use third party seller data when making business decisions?*

Mr Bezos: *I can tell you that we have a policy against using seller-specific data to aid our private label business, but I cannot guarantee you that that policy has never been violated.*

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For this reason:

- ▶ You cannot patent a camera bag
- ▶ You can patent a smartphone technology

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For this reason:

- ▶ You cannot patent a camera bag (is this **incremental**?)
- ▶ You can patent a smartphone technology (is this **experimental**?)

Maybe there is a connection to be made?

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Copying good products and, by exploiting scale, lowering their price may even be good for consumer welfare...

...but it could stifle entry at the platform's level, by giving the platform an unfair advantage

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A follow-up paper: Are data-privacy policies effective tools to decrease BTE at the platform's level?

thank you