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**Lehrstuhl für Wirtschaftsinformatik
mit Schwerpunkt Internet- und
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Self-preferencing on digital platforms; causes and consequences [Working Title]

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Date: As of now
Type: Bachelor's Thesis
Language: English

Motivation:

The recommender systems have become an integral part of the digital economy. Amazon, Netflix, Spotify, and many more are actively using recommender systems to recommend products to consumers. The emergence of AI-driven recommender systems can have obvious advantages as they facilitate matching between consumers and products. However, it can also come with a downside for consumers, as companies might take into consideration more aspects when recommending a product to consumers than simply consumer preferences.

One such aspect is product ownership. Digital platforms might have inherited incentives to promote their own products at the cost of third-party suppliers. This has been recognized by economists (see, for example, Hagiu, Teh and Wright 2022) and by the European Commission limiting self-preferencing in the Digital Market Act.

Goal:

The goal of this thesis is twofold. First, it is to understand the economic role of recommender systems. Secondly, it will discuss the problems (and potential benefits) that may arise from self-preferencing by digital platforms. It is expected that the thesis be developed based on a literature review of relevant empirical literature, which can be supplemented by the discussion of relevant regulations or case studies.

References and Related Literature:

Hagiu, A., Teh, T.-H., & Wright, J. (2022). Should platforms be allowed to sell on their own marketplaces? *The RAND Journal of Economics*, *53*(2), 297–327. https://doi.org/10.1111/1756-2171.12408

Chen, N., & Tsai, H.-T. (2024). Steering via algorithmic recommendations. *The RAND Journal of Economics*. https://doi.org/10.1111/1756-2171.12481

Peitz, M. (2022). The Prohibition of Self-Preferencing in the DMA. *CERRE Issue Paper*.