

Digital Economy (MA)

Spring Semester 2021

Content

Course description Digitalization has changed the way businesses are run nowadays and how they will be run in the future. Differences may lie in consumer behavior, firm behavior, and in the modes of competition. We discuss models of several digital markets in order to highlight characteristic properties, derive optimal strategies, and eventually discuss the welfare properties. Topics include matchmakers, booking platforms, price comparison sites, recommender systems, and open source software. The main focus is laid on different roles of market intermediaries in the digital economy.

Course Goal In this course, students will

- learn characteristic properties of the digital economy,
- understand microeconomic models of different online markets,
- and discuss strategic decisions in such markets.

Outline

1. Introduction
2. Dealers and Matchmakers
3. Platforms
4. Infomediaries
5. Trust and Reputation
6. Intellectual Property Protection
7. Network Goods

Organisation

The first part of the course consists of lectures and exercises. In the second part, students will present business models of certain online companies.

Depending on the latest guidance by the University, the class will start online and may then continue online or in person, or both.

When the class is given online, it will be in this **Teams** team.

When the class is given in person, it will be in room **PER 21, B205**.

Date	Time	Lecture / Exercises
Thursday 25.02.2021	8:15 - 10:45	Lecture
Thursday 04.03.2021	8:15 - 10:45	Exercises and Lecture
Thursday 11.03.2021	8:15 - 10:45	Exercises and Lecture
Thursday 18.03.2021	8:15 - 10:45	Exercises and Lecture
Thursday 25.03.2021	8:15 - 10:45	Exercises and Lecture
Thursday 01.04.2021	8:15 - 10:45	Exercises and Lecture
Thursday 08.04.2021	8:15 - 10:45	Exercises and Lecture
Thursday 15.04.2021	8:15 - 10:45	Exercises and Lecture
Thursday 22.04.2021	8:15 - 10:45	Exercises and Lecture
Thursday 29.04.2021	8:15 - 10:45	Exercises and Lecture
Thursday 06.05.2021	8:15 - 10:45	Students' Presentations
Thursday 20.05.2021	8:15 - 10:45	Students' Presentations
Thursday 27.05.2021	8:15 - 10:45	Questions and Conclusion

When there are exercises, the tutorials are typically given from 8:15 to 9:15 and the lecture follows from 9:30 to 10:45.

Examination

Final Exam The course is evaluated by two ingredients: A presentation about an online company and a written exam.

The written exam takes 60 minutes and counts 80%. The presentation counts 20%.

Supporting Materials

Lecture & Exercises All materials required for the class are available on Moodle.

The best preparation material for the final exam is the material shared during the lecture and exercises. Students are particularly advised to independently prepare for the exercise tutorials.

Students' Presentations Students can choose an online company and then briefly present some facts, elaborate on the business model(s), and relate it to what we learned in class.

Reference books The main textbook is Belleflamme and Peitz (2015).

BELLEFLAMME, P. & PEITZ M. (2015). *Industrial Organization - Markets and Strategies, second edition*. Cambridge University Press.

PEITZ, M., & WALDFOGEL, J. (Eds.) (2012). *The Oxford Handbook of the Digital Economy*. Oxford University Press.

ILLING, G., & PEITZ, M. (Eds.) (2006). *Industrial Organization and the Digital Economy*. MIT Press.

ZHANG, Y-C., (2020). *Matchmakers and Markets: The Revolutionary Role of Information in the Economy*. Oxford Scholarship Online.