

## Session 8:

# Two-sided platforms vs. merchants I

June 19<sup>th</sup> 2009

# Li & Fung 2000

- What is the key source of value creation for Li & Fung?
- Is Li & Fung a two-sided platform? Why or why not?

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# Gome

- What is the key source of value creation for Gome?
- Is Gome a two-sided platform? Why or why not?

# Electronics retailing

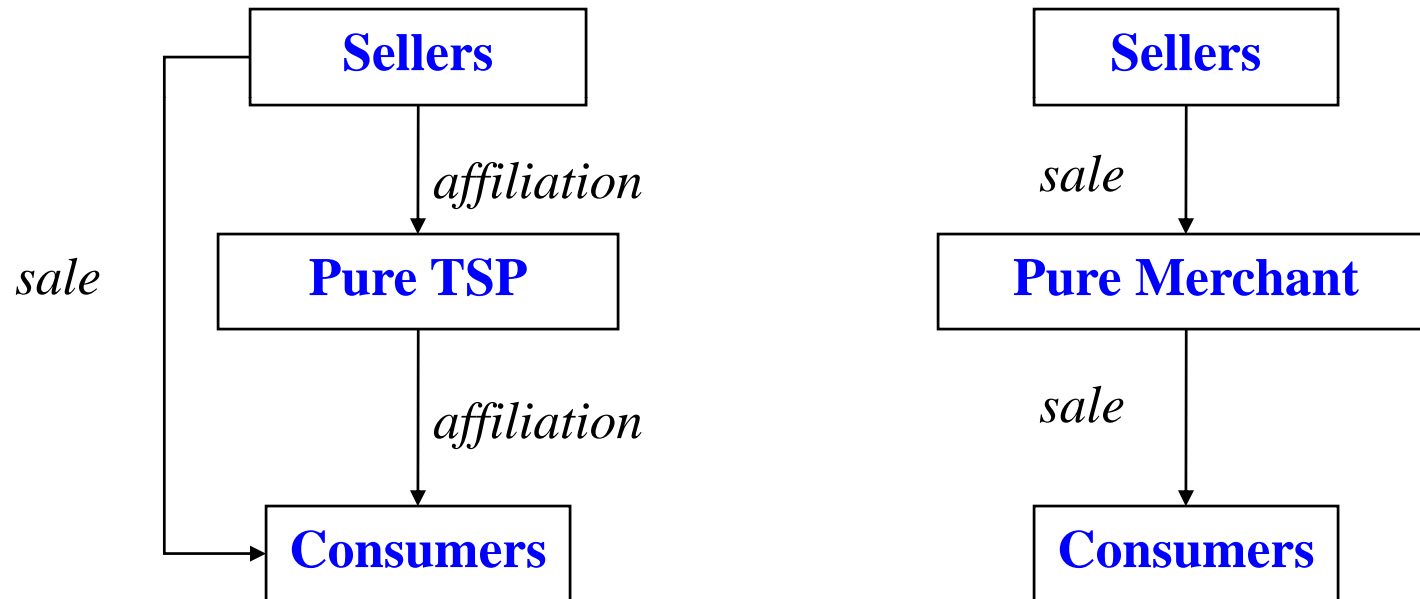
- BestBuy (US)
- Store layout by product category
- 100% sales people belong to BestBuy
- Merchant
- Gome (China)
- Store layout by brand/manufacturer
- 80% sales people belong to brand manufacturers
- MSP

***Why? What's the tradeoff?***

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# TSPs vs. Merchants

Simple affiliation	Outright sale
<i>Sellers maintain <u>control</u> over sale to buyers</i>	<i>Merchant takes full <u>control</u> over sale to buyers</i>



*What exactly distinguishes merchants from TSPs?*

# More mini-cases

- Amazon
- iTunes
- Book publishers (e.g. Random House); online “book publishers”
- Banks and hedge funds

***Is this a two-sided platform or a merchant? Why?  
Does it matter?***

# More mini-cases

- IP intermediaries:
  - Tynax
  - Intellectual Ventures
- Firms:
  - Employees <-> customers
  - Coca-Cola; Lenovo; Sony
  - McKinsey; Goldman Sachs; other professional service firms

***Is this a two-sided platform or a merchant? Why?  
Does it matter?***