

Digital Markets and the Information Society

I. TOPIC DESCRIPTION

Digital Markets are hardly a new phenomenon. Since the end of the last millennium the world economy has been heavily impacted by the triumphant march of the internet and a general surge in Information Technology. Traditional markets either adjusted quickly and learned to incorporate new developments or became obsolete within a few years. In 2020, the Corona pandemic further amplified this phenomenon, where many more services had to be offered digitally. But this ever-improving technology comes with new challenges. New technologies are developed so quickly that there is no time to stop and think if we're going too far. The question "Can We?" is more and more replaced by "Should We?". Some sectors of this New Economy exhibit a winner-takes-all structure, resulting in a few giant corporations wielding great influence on the public and on lawmakers. Is this a development we want as a society? How should we design markets and information mechanisms in the digital era? And what about inequality?

In this seminar, students take the role of a social planner with the goal to identify possibilities for improvement and/or design contexts in Digital Markets and the Information Era in a way that leads to "politically desirable" outcomes. In this one can have different objectives, for example: Maximizing efficiency, welfare or minimizing negative externalities. Research ideas could also aim at identifying market failures and the causes for it. Topic suggestions include: Privacy, Health Markets, Markets for Attention, Addiction, Fake News, Choice Overload, Information Overload...

II. SCOPE OF THE SEMINAR

Please note that no topics will be handed out. Instead, participants will develop their own research question in the broad field of Digital Markets. Using their own creative abilities, students design an economic experimental or field study that answers their research question. Students will work in groups of up to four, depending on the total number of participants. If the process of group formation is unsuccessful, participants will be assigned.

The seminar starts with an introductory meeting in the first week of the winter term. Ideas for experiments or field studies will be presented in a blocked event. Each presentation should last max. 20 minutes. Full attendance in all meetings is required for successful participation in the seminar. Group seminar papers of 8 – 10 pages, as well as an individual abstract of 75 to 100 words are to be handed in at the end of the semester.

Application will be possible via the centralized platform until October 19.

Please note that we will ask you for a brief description of the topic and research idea you are interested in, in order to ensure a well-balanced variety in the seminar. Prior attendance of the courses “Economics and Behavior” and/or “Auction and Mechanism Design” is recommended but not required. For further questions, please contact David Huber (david.huber@kit.edu).



Joel Pett, Lexington Herald

III. SOURCES OF INSPIRATION

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- Dertwinkel-Kalt, M., Köster, M., Sutter, M. (2019): To Buy or not to Buy? Shrouding and Partitioning of Prices in an Online Shopping Field Experiment, *CESifo, working paper no. 7475/2019*.
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- Kerschbamer, R., Neururer, D., & Sutter, M. (2019): Credence goods markets and the informational value of new media: A natural field experiment. *MPI Collective Goods Discussion Paper*, (2019/3).
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- Roth, Alvin E. (2007): Repugnance as a Constraint on Markets. *Journal of Economic Perspectives*, 21 (3), 37-58.
- Roth, Alvin E., Tayfun Sönmez, M. Utku Ünver (2014): Kidney Exchange, *The Quarterly Journal of Economics*, 119(2), 457–488.
- Sadoff, S., Samek, A. S., & Sprenger, C. (2015): Dynamic inconsistency in food choice: Experimental evidence from a food desert. *Becker Friedman Institute for Research in Economics Working Paper*, (2572821).
- Schudy, S., & Utikal, V. (2017): ‘You must not know about me’—On the willingness to share personal data. *Journal of Economic Behavior & Organization*, 141, 1-13.