

For the Public Benefit: Data Policy in Platform Markets

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Abstract

We consider the public-good aspect of platform's data-collection on users. Data has commercial-benefit to the platform, personal-benefit to the user, and public-benefit to other users. We ask who should decide which data the platform commercializes. We find that the answer depends on the type of heterogeneity in the disutility from data commercialization. When heterogeneity is across users (data-items) and the public benefit of data is high (low), it is welfare-enhancing to let the platform (users) control the data. Furthermore, dynamic data accumulation strengthens our results.