

Argument Map The Platform Economy

What are the arguments pro and con the platform economy?

Pros

Cons

Competition

Competition

Innovation

Innovation

Income

Income

Legislation

Legislation

Environment

Environment

Society

Society

The platform economy makes the economy more transparent

- Platforms provide large groups of users with information on goods, services and prices.
- Platforms provide insight into the differences in quality in supply by showing user reviews.
- Via platforms providers can build a reputation and customer base quickly and at low (start-up) costs.

Platforms enlarge markets, provide more choice and lower prices

- Platforms bring providers and users together and increase the choice in products and services.
- Platforms intensify the competition on market entry, leading to better (often lower) prices.
- Platforms eliminate links from the value chain (like raw material to end product), which reduces costs.

The platform economy is innovative

- Platforms innovate, technically and with business models, resulting in increased quality or lower costs.
- Platforms gather information on providers and users and use this to develop new services.
- Platforms are easily scalable and are able to apply a new idea quickly in several countries.
- Platforms either remain innovative or disappear, because of rapid technology development.

The platform economy forces other companies to innovate

- Platforms force providers to adapt to a more competitive environment.

Platform economy gives sclerotic institutions a wake-up call

- Platforms give existing institutions like branch groups and labour unions a wake-up call.

The platform economy enhances economic growth

- Platforms promote workers' productivity and subsequently contribute to the economic growth of a country.
- Platforms integrate more aspects of society in the economic sphere, like cooking for neighbours.

The platform economy creates new opportunities in economic, work and revenue areas

- Platforms offer people opportunities to be economically active alongside the regular labour market.
- The platform economy creates jobs at the (successful) platform organizations involved and beyond.

Platforms force modernization of legislation

- Platforms force policy makers to rethink the usefulness and necessity of laws and regulations.

Platforms can help enforcement

- Platforms can be used by the government for enforcing laws, because they possess relevant data.
- Platforms promote transparency, which forces supervisory authorities to act quicker and more effectively.

The platform economy is good for the environment

- Platforms open up the market for second-hand items, which combats waste.
- Platforms encourage more intensive use of existing (capital) goods, leading to less waste.
- Platforms avoid transport steps (less storage in retail outlets is required), creating more efficiency.

The platform economy benefits society

- The platform economy simplifies the sharing of property, and therefore enhances social cohesion.
- Platforms make it easier to organize volunteer work.
- Platforms offer people new ways to contact each other, economically and socially.

Platforms keep valuable data for themselves and offer users incorrect information

- Platforms receive additional information, but users do not, which results in uneven distribution of information.
- Platforms make it possible for users to manipulate information, like fake reviews.
- Platforms manipulate information, such as price information, for their own benefit.

Platforms compete unfairly with local businesses and distort the playing field

- Platforms compete unfairly with local businesses by circumventing (unwritten) rules.
- Platforms often operate internationally and can avoid taxation more easily than local businesses.

The platform economy restricts the competition

- The winning platform establishes a (near) monopoly and this increases the risk of abuse of market power.
- Platforms set specific requirements for accessing the platform and exclude providers in doing so.
- Platforms create switching barriers, such as non-transferability of evaluations.
- Winning platforms with high market power form an entry barrier for new challengers.
- Winning platforms have deep pockets and buy up threatening new challengers.

Platforms frustrate providers' innovation

- Platforms lower providers' profit margins, so that they have no remaining budget for innovation.

The platform economy generate major profits for (foreign) shareholders

- Winning platforms are highly profitable and (foreign) shareholders, in particular, benefit from this.

The platform economy cuts permanent jobs into pieces and increases inequality

- The platform economy cuts permanent jobs into pieces and creates a 'workers on tap' economy.
- The platform economy rewards providers with a lot of 'stars' and this leads to greater income inequality.
- Platforms increase inequality, because they mainly offer people with capital goods more earning opportunities.

Platforms lead to more black money in the economy

- Use of platforms leads to providers and consumers paying less or no tax.

Platforms and users sometimes act in conflict with national laws and legislation

- Platforms, often operating internationally, have difficulty complying with varying national rules.
- Platforms make enforcement more difficult; users and providers are also responsible for compliance.

Platforms increase control by the authorities

- Authorities can obtain information on citizens more easily via platforms and can therefore exercise more control.

Platforms force users to accept unappealing rules and conditions

- Platforms impose general terms and conditions that impinge on privacy and property rights.
- Platforms force users to relinquish personal data, sometimes without making them aware of this.

The platform economy is bad for the environment

- The platform economy implies more service to home addresses resulting in a higher environmental impact.
- The platform economy reduces prices and stimulates growth, which leads to additional consumption.

Platforms disrupt society

- Platforms are not or barely accessible to people who can't read or use a computer.
- Platforms can be a nuisance to others, like when individuals rent out their apartment.
- Platforms may form a system risk due to their volume and concentration of data in the event of emergencies.
- Platforms with advertisements as a business model undermine the economic power of the media.

Notes

This Argument Map gives an overview of the arguments pro and con the platform economy from the perspective of a country compared to a situation without the platform economy. The platform economy is defined as follows: the entire supply and demand of products and services via online platforms. This map limits itself to platforms that offer the possibility of two-sided traffic (users can also be providers and vice versa). Arguments do not necessarily apply to all platforms. This Argument Map was created by The Argumentation Factory based on thinking sessions with experts. Many thanks to all the participants for their efforts.