

# BERLIN CENTRE FOR CONSUMER POLICIES

## 3<sup>rd</sup> Annual BCCP Conference

# Regulatory Challenges in Digital Markets: Trust Online

June 8, 2018  
Leibniz Association

## **COOPERATING INSTITUTIONS**

DIW Berlin – German Institute for Economic Research

ESMT European School of Management and Technology

Free University Berlin

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Technical University Berlin

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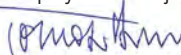
It is a great pleasure to welcome you to the third BCCP Conference on Regulatory Challenges in Digital Markets: Trust Online.

As in earlier years, our annual conference focuses on pressing issues brought about by digitization. Centering on its extraordinary transformative potential, manifold benefits, and unresolved challenges, digitization dominates public discussion.

Consumers have profited from an unprecedented proliferation of new services and products. Yet, data breaches, fake news, and the potential abuses of increasingly dominant online businesses have led to growing resistance and worries that undermine trust in online markets. Consumers not only need to process large amounts of information that are often difficult to verify, but they are also required to share highly personal information in order to use many products and services, often without being fully aware of the nature and extent of data sharing. To ensure the reliability of third party information as well as the safety of shared personal data, a well-designed legal framework and active enforcement are essential. More fundamentally, consumers must be able to trust providers of goods and services, intermediary platforms, as well as the individuals they interact with online. Review and recommendation systems have been designed to establish and facilitate trust in many commercial transaction contexts. Privacy and data protection regulations are designed to strengthen consumer trust in the digital technologies that enable the efficient realization of an ever-growing set of services.

This conference aims to tackle these questions about the interplay between consumer information and trust online, identifying and discussing the regulatory challenges to harness the power of digital technologies to its fullest. What rules and mechanisms can effectively facilitate consumer trust and participation online? How can online marketplaces be designed to allow both firms and consumers to benefit maximally? What is the role of consumer trust for the success of the ambitious project to implement the European Digital Single Market? Will the new European General Data Protection Regulation (GDPR) deliver?

I hope you will enjoy the exciting discussions sparked by the distinguished panelists speaking today.



Tomaso Duso  
Speaker

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## THE BERLIN CENTRE FOR CONSUMER POLICIES ABOUT US

The Berlin Centre for Consumer Policies (BCCP) is a Leibniz ScienceCampus, established September 2015, and co-funded by the German Leibniz Association and its member institutions.

Leibniz ScienceCampuses promote cooperation between Leibniz institutions and universities via regional, thematic research and policy partnerships.

The Centre builds on the cooperation between two Leibniz institutes – the German Institute for Economic Research (DIW Berlin) and the Berlin Social Science Center (WZB) – and faculties of the Humboldt-University Berlin, Free University Berlin, Technical University Berlin, the European School of Management and Technology (ESMT), and the Hertie School of Governance.

A strong focus on Behavioral Economics, Industrial Organization, as well as Consumer and Competition Law – all combined with established policy expertise – makes Berlin an ideal location for a ScienceCampus focusing on consumer policies.

BCCP reinforces and institutionalizes this exceptional environment to create an enduring international platform in the broad area of competition and consumer policies. This platform strengthens the academic environment, encourages interdisciplinary research, and increases the visibility of Berlin as a center of excellent academic research and evidence-informed policy advice.



## AGENDA

9:15 – 10:15 a.m. *Registration*

10:15 – 10:30 a.m. **Welcome**  
**Tomaso Duso** DIW Berlin

10:30 – 12:00 p.m. **Policy Roundtable: The Digital Single Market and Consumer Trust**  
The ambitious European Digital Single Market project has tremendous potential to benefit all European consumers. One main aim of the Digital Single Market is to guarantee citizens' access to goods and services across the EU. Trust and security concerns remain an important barrier to such universal trade online. As digital services increasingly permeate daily life, the European Union is implementing the GDPR, a new data protection regulation that is at the forefront of the global privacy debate. Can the GDPR facilitate the level of trust required for digital services to thrive? Have other online consumer protection measures, such as payment protection, succeeded in establishing consumer trust? What are the challenges of transforming into a digital economy and society. Does digitization offer governments the opportunity to become more open and inclusive?

**Stacy Feuer** Assistant Director for International Consumer Protection,  
US Federal Trade Commission

**Juhan Lepassaar** Head of Cabinet to Vice President Andrus Ansip,  
European Commission

**Moderated by Ludwig Siegele** Technology Editor, The Economist

12:00 – 1:00 p.m. *Lunch break*

1:00 – 2:30 p.m. **User Data Sharing: Incentives and Trust**  
Online businesses largely rely on the sharing of user-generated data, which allows them to make a profit and enable sophisticated products and services. Yet, users are becoming increasingly wary that their data is at risk of being compromised, legally and illegally, which has led to calls for more responsible data collection, usage, and sharing. This session will discuss two fundamental issues inherent in data sharing. How are the returns from user data collection shared between users and commercial service providers? How could user benefits be improved to incentivize data sharing? Are consumers willing to share their personal information if they do not trust that their data will

be protected and used in the manner assured by the service, as exemplified by data breaches such as by Facebook and Cambridge Analytica? What can policy do to reinvigorate beneficial online participation for everyone? Can commitments, like privacy by design, help establish trust in online platforms and the emerging internet of things?

**Ari Ezra Waldman** Associate Professor of Law, New York Law School

**Glen Weyl** Principal Researcher, Microsoft Research and Visiting Senior Research Scholar and Lecturer, Yale University

**Moderated by Dorothea Kübler** Director of Research Unit Market Behavior, WZB Berlin Social Science Center and Professor of Economics, Technical University Berlin

2:30 – 3:00 p.m. *Coffee break*

3:00 – 4:30 p.m. **Reputation and Trust on Online Platforms**

The emergence of e-commerce considerably decreased transaction costs. Increased price transparency and product information have enabled consumers to compare and purchase both goods and services more easily. Yet, significant market frictions remain due to a fundamental component of human interaction: trust. This session tackles questions on the role of trust in e-commerce and online interactions: What determines trust online? Can reputation and safety guarantees mitigate lack of trust? How can trust and reputation mechanisms be optimally designed to facilitate trade.

**Michael Luca** Lee J. Styslinger III Associate Professor of Business Administration, Harvard Business School

**Steve Tadelis** Professor of Economics, Business and Public Policy, James J. and Marianne B. Lowrey Chair in Business, University of California, Berkeley

**Moderated by Roland Strausz** Professor of Economics, Humboldt University Berlin

4:30 p.m. **Concluding Remarks**

**Hannes Ullrich** DIW Berlin

## SPEAKERS

Picture: DIW Berlin / B. Dietl



### **Tomaso Duso**

German Institute for Economic Research (DIW Berlin)

*Tomaso Duso is the Head of the Firms and Markets Department at the DIW Berlin, a professor of empirical industrial economics at the Düsseldorf Institute for Competition Economic (DICE) of the Heinrich-Heine University, and the Spokesperson of the Berlin Centre for Consumer Policies (BCCP). His research interests are in applied econometrics in the field of industrial organization, competition policy, regulation and management.*

*Tomaso has advised several public bodies, such as various DG's of the European Commission, the UK Competition Commission, the Dutch Authority for Consumers and Markets, and the OECD on competition policy issues. He previously worked at the Berlin Social Science Center (WZB), the Humboldt-Universität zu Berlin, and the University of Vienna. He received his undergraduate degree at the Ca' Foscari University in Venice and his PhD at the Humboldt-University Berlin.*

Picture: private



### **Stacy Feuer**

Federal Trade Commission

*Stacy Feuer is the Assistant Director for International Consumer Protection at the Federal Trade Commission (FTC) in Washington, D.C. where she focuses on international consumer and privacy issues in the digital economy. She represents the United States and the FTC in international organizations such as the OECD's Committee on Consumer Policy and UNCTAD's Intergovernmental Group of Experts on Consumer Protection Law and Policy, where she has participated in negotiating new international guidelines on consumer protection in e-commerce. Stacy participates frequently in international consumer and privacy discussions and has contributed to policy papers,*

*workshops, and best practice guides on issues such as online peer-to-peer platforms, social media marketing, online payment systems, digital content products, dispute resolution and collective redress. Before joining the FTC's Office of International Affairs, she served as a staff attorney in the FTC's Bureau of Consumer Protection concentrating on advertising investigations and issues. She previously was a partner in a Washington, D.C. law firm, where she litigated complex international financial fraud cases. Stacy is a graduate of Cornell University and the New York University School of Law and served as a federal judicial law clerk.*





**Dorothea Kübler**  
WZB Berlin Social Science Center

*Dorothea Kübler is the director of the department of Market Behavior at the WZB and a Professor of Economics at the Technical University of Berlin. Her research uses experimental methods and game theory to examine decision-making behavior and market design. In recent years, among other things, her work concentrates on the centralized procedure for awarding places at universities in Germany, looks at the influence of social and moral standards in markets, and also studies educational choices and discrimination in the labor market.*

*Dorothea is a founding member of the »Matching in Practice« network, a member of the senate of the DFG (German Science Foundation), and the deputy chairwoman of the Einstein Foundation, Berlin. She studied in Philadelphia, Konstanz and Berlin and in 1992 completed her degree in Economics and Philosophy at the Free University of Berlin. She graduated with a PhD in 1997 and completed her habilitation in 2003 at the Humboldt University of Berlin.*



**Juhan Lepassaar**  
European Commission

*Juhan Lepassaar is Head of Cabinet for the Vice President Ansip who is responsible for the Digital Single Market portfolio. In this capacity he has since November 2014 coordinated the development and delivery of all the 29 legislative proposals of the Digital Single Market. Prior to that, he was Member of Cabinet of Vice-President Siim Kallas, European Commissioner for Transport. Between 2008 and 2013 he served as Director for EU Affairs at the Government Office in Estonia.*

*In this capacity he acted as the Prime Minister's chief adviser for EU affairs and head of Estonia's inter-ministerial coordination system of EU policy. He conducted the high-level negotiations for the 2014–2020 MFF, and participated in the EU's response to the international financial crisis and subsequent reform of the EMU. He holds an MA in Contemporary European Policy from the University of Sussex, a degree in Comparative Politics from University of Tartu and has also studied architecture at the Estonian Art Academy.*

Picture: Michael Luca



**Michael Luca**  
Harvard University

*Michael Luca is Lee J. Styslinger III Associate Professor of Business Administration at Harvard Business School. His current work focuses on digital data and platforms, analyzing a variety of companies including Yelp, Amazon, and Airbnb. He also works on issues related to the design of information disclosure. Focusing on the behavioral foundations of how people make decisions, he has done work on rankings, expert reviews, online consumer reviews, and quality disclosure laws, among other types of information provision.*

*He works closely with companies and cities to help them become more data-driven, and has ongoing collaborations with Yelp, Facebook, the UK government, and the City of Boston, in addition to other partners. Michael was previously Assistant Professor at Harvard Business School (2011–2017), and he was as a Visiting Assistant Professor at Stanford University (2016–2017). Michael holds a B.S. (Mathematics and Economics) from the University at Albany, N.Y., and a PhD in economics from the Boston University.*

Picture: The Economist



**Ludwig Siegele**  
The Economist

*Ludwig Siegele is the Economist's Technology Editor. He joined The Economist as US Technology Correspondent in 1998. In 2003 he was sent to Berlin as the newspaper's Germany Correspondent, before relocating to London in 2008 to cover the IT industry until 2011 and then run part of the Economist's website as online business and finance editor. Ludwig started his journalistic career in 1990 as the Paris Business Correspondent of Die Zeit, a Germany weekly.*

*In 1995 he moved from France to California to write about the internet for several German publications. He holds a degree in economics and political science from Cologne University and degrees in journalism from the Kölner Journalistenschule as well as the Centre de Formation des Journalists (CFJ) in Paris.*

Picture: Roland Strausz



**Roland Strausz**  
Humboldt-University Berlin

*Roland Strausz is Professor of Economics and Chair of the Institute for Economic Theory 1 at the Humboldt-Universität zu Berlin. His research interests are contract theory, mechanism design, and industrial organization. From 2005 to 2007 he has been Holder of the Heisenberg Stipend and was Heisenberg-Professor for Microeconomic Theory at the Humboldt-Universität zu Berlin from 2007 to 2011.*

*Roland is a CEPR Research Fellow since 2008 and CESifo Research Fellow since 2002. He received his doctorate at the Free University of Berlin in 1998, where he finished his habilitation in 2005.*

Picture: Steve Tadelis



**Steve Tadelis**  
University of California, Berkeley

*Steve Tadelis is a Professor of Economics, Business and Public Policy, and the James J. and Marianne B. Lowrey Chair in Business at Haas School of Business, University of California, Berkeley. His research primarily revolves around e-commerce and the economics of the internet. His other fields of interest are the economics of incentives and organizations, industrial organization, and microeconomics.*

*During the 2016–2017 academic year he was the VP of Economics and Market Design at Amazon. From 2011 to 2013 Steve was based at eBay's research labs, where he hired and led a team of research economists who focused on the economics of e-commerce,*

*with particular attention to creating better matches of buyers and sellers, reducing market frictions by increasing trust and safety in eBay's marketplace, understanding the underlying value of different advertising and marketing strategies, and exploring the market benefits of different pricing structures. After studying in Haifa, Israel, where Steve obtained his M.Sc. in Economics (with Special Honors), he studied at Harvard University and received his M.A. in Economics 1994, followed by his PhD in Economics 1997.*



**Hannes Ullrich**

German Institute for Economic Research (DIW Berlin)

*Hannes Ullrich is Research Associate at the Firms and Market Department at the DIW Berlin and at the Department of Business Administration of the University of Zurich, and the Coordinator of the Berlin Centre for Consumer Policies (BCCP). His research interests are in Applied Microeconomics, in particular Industrial Organization, Health Economics, and Personnel Economics.*

*Hannes' current research focus is on the regulation of payment card fees, pharmaceutical prescribing under uncertainty using large-scale administrative data, and application of machine prediction in healthcare.*

*He was a visiting scholar at Aarhus University, the University of Rochester, and the University of California, Berkeley, and previously employed at the Centre for European Economic Research (ZEW), Mannheim. He earned his undergraduate degree in Economics at the University of Mannheim and his PhD in Management and Economics at the University of Zurich in 2010.*



**Ari Ezra Waldmann**

New York Law School

*Ari Ezra Waldman is Professor of Law and the Director of the Innovation Center for Law and Technology at NYLS. He is the Founder and Director of the Institute for CyberSafety, which includes the first-of-its-kind law school pro bono clinic representing victims of online harassment, and the Data Privacy Project. Ari studies how law and technology mediate online social life, with particular focus on privacy, the design of new technologies, and cyber-harassment.*

*He research what motivates us to share information online, what can happen to our shared information, how design*

*manipulates our behavior, and the dangers that can result. He combines empirical/quantitative methods with theory/legal analysis. His book, *Privacy as Trust: Information Privacy for an Information Age* (Cambridge University Press, 2018) reorients privacy law around sociological concepts of trust and argues that information shared in contexts of trust should be considered private.*

*Ari holds a Ph.D. from Columbia University, a J.D. from Harvard Law School, and a B.A. from Harvard College.*



**Glenn Weyl**  
Microsoft Research and Yale University

*E. (Eric) Glen Weyl is a Principal Researcher at Microsoft Research New England whose work aims to use technology and economics to find new ways to organize societies to reduce inequality, increase productivity and ease political tensions. Glen's research draws on insights from adjacent disciplines (e.g. law, computer science and philosophy) to radically expand the scope of market exchange. For example, he developed a market mechanism for group decision-making, Quadratic Voting (QV) and proposed a replacement for private property that more efficiently allocates assets.*

*He is visiting Yale University as a Visiting Senior Research Scholar and Lecturer in the economics department and law school, where he teaches a joint economics-computer science course, »Designing the Digital Economy«. He spent three years as a Junior Fellow at the Harvard Society of Fellows and three years as an Assistant Professor at the University of Chicago before joining Microsoft. He is a Sloan Research Fellow 2014–2018. He was valedictorian of Princeton University's 2007 class, receiving an AB in economics, followed by an MA and PhD in 2008.*

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Editor: Christiane Zscheck  
Print: DIW Berlin  
Berlin, June 2018