

A New Order? Digital Disruption and Entrepreneurial Opportunities

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Overview of the paper

Main research question: Does the rise of food delivery platforms primarily benefit large incumbents firms or foster opportunities for small entrepreneurs, especially those from minority backgrounds?

Key findings:

- Digital platforms like UberEats and Deliveroo increased the number of restaurants by 35% over 4 years and employment by 12%
- Minority entrepreneurs benefit significantly, resulting in more diverse cuisine offerings
- The primary mechanism is the reduction in barriers to entry, although intensified competition has led to higher exit rates

Strengths of the paper

- **Novel dataset:** compiled using diverse sources and innovative methodologies, including large language models (LLMs)
- **Timely and relevant:** Addresses a politically and socially significant question with implications for public debate
- **Unique insights:** Presents findings that challenge established literature
- **Methodological rigor:** Incorporates robust testing and extensive validation

Some comments

- **Incorporate local competition:** How would including local competition in the theoretical model impact the results?
- **Discuss superstar effects:** Why are your results different than what is found for digital platforms of goods (see for example Brynjolfsson et al., 2010)? Could differences arise due to the nature of services versus goods, or other explanatory factors? Do you see a superstar effect within a type of cuisine?
- **Rural vs. Urban dynamics:** explore differences more deeply and clarify whether restaurant growth reflects new openings or relocations
- **Job creation:** Is the increase in jobs net-positive for the economy, or does it reflect shifts from other sectors (e.g., trade)? Also interesting for minority ethnic to understand if it is substitute to other type of job or if it helps to get a job for unemployed people

Some comments

- **Complementary technologies and large firms:** The usual advantage for large companies often stems from their ability to leverage complementary technologies (e.g., ICT). Could this be less relevant here due to the lower investment needed to use food delivery apps?
- **Asymmetric information vs. consumer reach:** Could the impact of reducing asymmetric information be distinguished from simply reaching more consumers? This could be analyzed using Google Maps reviews (if a similar rollout pattern applies) or by examining correlations between Google rankings and the likelihood of market exit.
- **Medium productivity benefits:** On p13, the paper notes that "*this expansion allows firms with higher productivity or better offerings to access a larger market, amplifying their competitive advantage.*" Could digital platforms be particularly beneficial for medium-productivity restaurants instead? These businesses often lack the skills or resources for independent marketing and delivery but may thrive with the platform's support—similar to how AI benefits medium-skilled taxi drivers rather than top performers.

Suggestions for future research

- **Firm-level data:** Consider incorporating accounting data from restaurants to examine effects on profitability and survival rates.
- **Short- vs. Long-term effects:** Are the observed impacts short-term phenomena, or do they indicate lasting changes? Leverage the staggered rollout of platforms to study temporal effects and regional variations
- **Enlarge the analysis:** Extended to other industries or type of digital platforms

Minor comments

- Spending: can you disentangle spending for food delivery from supermarkets (new service proposed by UberEats in recent year) ?
- Table A2: why is it only provided for Deliveroo and not UberEats?
- Not clear to me if datasets are complementary and you are adding restaurants or if they are merged only for restaurants that are present in all databases
- Is the procedure of assessing ethnicity based on names the same for reviewers than what you do with the Company House database (Appendix A3)?
- P15 lower case for T and S
- P17 4.2.1 should be Deliveroo instead of UberEats in the third line
- Not clear to me if results on employment is only for restaurants or if it also includes delivering service
- P33 “no significant correlation between platform rollout and spending on these items”, Based on consumer spendings only? I guess new restaurants need those items so you should see a link right?