

Better-placed products enjoy greater sales. Sellers on marketplace platforms prefer that the marketplace steers customers in their direction. A monopoly marketplace can earn profits through an ad-valorem fee. It determines steering through the design of an algorithm or through an auction that raises further revenues. The platform's preferred algorithm might select the cheapest offering. Still, prices may be high due to fees or auction payments. In a single competitive retail market, the platform can extract monopoly profits fully. It can do so by steering either through algorithm or fees or through auction when setting appropriate fees. More generally, there are trade-offs. The marketplace (and consumers) might prefer either scheme. Specifically, we consider these model variants: retail markets with market power; markets heterogeneous (or uncertain) in demand conditions; and markets heterogeneous in the extent to which consumers are susceptible to steering. In this way, the model can rationalize the use of auctions to determine steering in some markets and algorithms in others. The approach also speaks to discussion of self-steering and highlights that marketplaces enjoy several means of raising revenue. As a result, assessing impacts on consumers requires a holistic view.