

# Congestion: Why Thicker Need to Be Quicker

Claire Lin/ 王冀之 (Chichih Wang)

## *Excessively slow transaction can hurt market.*

- If you really want to operate at digital speeds, you need to take people out of the middle of the process.
- One way to do this is by moving their deliberations to an earlier time.



## **Beginning**

**Laptops/computers**

**Host post information before leaving for work and check after backing home.**

**Similar Web services**

**Became huge with lots of hosts and travelers**

## **Now**

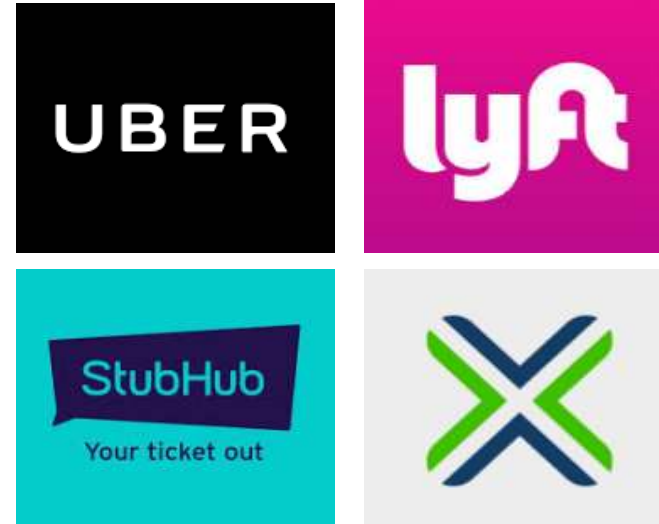
**Smartphones**

**Hosts respond faster and update bookings, speedy confirmation and more informative**

**Hilton、 Best Western**

## *Other Examples*

- Uber
- Lyft
- StubHub
- BandwidthX
- .....
- Computers and smartphones have helped Uber and Airbnb build multibillion-dollar business by making those markets thicker and quicker, bigger and less congested.



*In all of these new markets, the entrepreneurs building them have had to figure out*

- 1. how to make the market thick by attracting lots of buyers and sellers;
- 2. How to overcome the potential congestion that could result-that is, how to make the market quick even when it was thick;
- 3. How to make the market safe and trustworthy.

## *BTW: Airbnb's New China Push*

- A cheerful Chinese name that translates into “welcome each other with love,” a travel service aimed at millennials, and a doubling of investments.
- Uber's failure in China.
- Domestic startups dominate China's tiny home-stay market, include Xiaozhu and Tujia.
- “Capturing them in China before they hop overseas is the first step.”

# *Matching markets*

- House market
- Labor market
- School admissions system

# *House Market*

- Need to pay an earnest in advance and Can't afford an other one, so buyers must wait.
- An other house on which you might want to make an offer may get sold.



# *Labor Market*

- Companies look to fill an important position.
- During the time the companies consider whom to whom to make an offer and let the candidates consider the job, the candidates might get jobs elsewhere.
- Therefore, the companies feel compelled to make exploding offer.

# *New York City Department of Education(DOE)*

- A complicated paper-based high school admissions system.
- A. Students could accept no more than one offer and one waiting list.
- B. Schools that had some first-round offers reject could make new offers, and the DOE sent out a second round of letters.
- C. After students replied, there was a third final round of letters and replies.
- D. Students without seats after the third round were assigned by the DOE, typically to the school with open seats closet to their home.

## *Solution in DOE*

- Reveal all preferences at one time
- Keep the preferences secret
- The computerized clearing house distributes students by these preferences.

Thanks for listening

# References:

- <https://www.youtube.com/watch?v=dA2F0qScxrl>
- <http://fortune.com/2017/03/23/airbnb-china-push/>