

SLOTING FEE MODELING FOR SOCIAL MEDIA BUSINESS

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ABSTRACT

Slotting allowances and slotting fees were defined as the payments by social media influencers to display, promote and support new products. Two schools of thought offer different viewpoints on the impact of collecting slotting allowances and slotting fees for retailers. One argues that the collection of slotting allowances and slotting fees improves distribution efficiency and stipulates competition while the other thought argues that these fees damage competition. There is no research focus on the slotting fees for social media influencers.

Previous studies focused on the slotting allowance and fees of physical store retailers, and the debate about its rationality has been in progress. But this controversy has not stopped the retailers from charging the fees. On the contrary, the slotting fee charges extend from the store retailers to online retailers. With the fast development of social media business, more and more online platforms implemented a fixed fee structure to charge slotting fees for social media business. However, this approach fails to justify the charges and has led to the opposition of social media influencers and platform providers. What is the rationality of the platform providers to charge social media influencers for the slotting fees? What impact does it have on consumers and platform providers?

Keywords: E-commerce, slotting fees, social media business, influencers