What is the Price of Demand?

Commerce runs on a simple equivalence: you either rent demand from a marketplace or manufacture demand with marketing. Different institutions, same job.

The shape depends on where supply sits along a spectrum running from commodity to unique:

- At one end, commodity supply. Sellers are interchangeable; comparison-shopping is the default. Amazon is the canonical expression. Competition produces consumer surplus, and demand coalesces where behavior can habituate.
- At the other end, unique supply. Narrative, identity, taste, or IP do the economic lifting. Sellers reject the notion that their product is interchangeable and measure success in lifetime value. Shopify embodies this posture: tools to express and transact uniqueness, CRMs to measure longevity.

% of Revenue

Look at operating statements and a familiar rhyme appears. The supply side spends a portion of revenue to find customers, often around 20%, whether routed internally (brand, creative, paid acquisition) or externally (marketplace take rate). The number being the same isn't a coincidence, it's convergent evolution of market clearing prices.

The Marketplace's Integral

A marketplace's fee is a claim on two pools: the demand sellers would have financed themselves, and the demand the platform creates by making the category legible.

- Existing pool (coordination problem). Without the marketplace, a seller would have to spend money themselves to acquire customers. With the marketplace, the seller is happy to re-allocate that cost towards the marketplace as a platform fee.
- Expansion pool (newly created). Marketplaces standardize—clear specs, reviews, comparisons, and Q&A—lowering friction. That pulls new buyers into the category and increases purchase frequency: incremental GMV that would otherwise not exist.

A marketplace's durable value capture is the sum of those two pools minus its own costs: the consumer attention/retention bill (brand, SEO/SEM, incentives) and the infrastructure bill (payments, trust, fraud, dispute resolution, etc.)

> *Net platform capture ≈ (sum of sellers' would-be marketing spend on sales) + (monetizable share of incremental GMV) – (consumer attention/retention costs + infrastructure costs).*

Platform Genotype

- Marketplaces are demand businesses. Their core competence is orchestrating many-to-many interactions, enforcing standards, and reducing overall coordination costs.

- Tooling companies are supply-empowerment businesses. Their core competence is enabling differentiation and sovereignty.

Excess taxation complaints arise when:

- As marketplaces saturate demand, they primarily route rather than generate demand. They collapse towards being a clearinghouse, reducing their justifiable take rate far below 20%.
- If a tooling platform prices like a demand generator (approaching ~20%), supply bristles. "Taxation without representation" started a war.

The Bottom Line

“Pay Google” and “pay Amazon” are two common ways to buy the incremental sale. Marketplaces harvest the integral of would-be marketing spend from the supply they intermediate, plus a monetizable share of the new demand created, minus what it costs to keep consumers gathered and the rails trusted. Brands, by contrast, spend to make uniqueness legible and to own the long-term relationship.

The instruments change, but the physics don't. Again and again, CAC and take rate drift, dance, and then settle at the category's binding energy—the convergent point where convenience, trust, and logistics meet the work of supply.