

We consider the strategic use of information for an online platform, which can guide consumer search through product recommendation and influence sellers' targeting and advertising.

The model provides a unified framework for sponsored ads and personalization—two popular revenue engines for online platforms.

We show that by supplying more information, the platform improves match efficiency but reduces sellers' incentives to advertise, which leads to a higher commission but a lower advertising revenue.

The optimal information design entails limited consumer search and noisy product recommendations with long tails.