

Discussion: Tipping and Concentration in Markets with Indirect Network Effects

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 - Platforms strategic and differentiated; exclusive contracting
 - Heterogeneity in SW and preferences for SW
 - Consumers and firms can multihome
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- Questions:
 - Do network effects still matter?
 - What does it mean to "reduce" network effects?

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- Main modeling points:
 - No heterogeneity, multihoming
 - Consumers only care about # of SW products
 - Allow γ to be platform specific?
 - Consumers care about platform installed base?
 - ξ 's are i.i.d.
 - Allow for persistence?

- Main contributions:
 - Framework to measure importance of network effects:
compare to reasonable counterfactual
 - Dynamic demand, pricing
 - Penetration pricing

- Future Directions:
 - Pricing:
 - Allow for richer model of declining MC
 - Currently holding fixed royalties on SW side; endogenize?
 - Network effects as BTE?