

# Exclusive Contracts in the Video Streaming Market

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- None are relevant here!

Instead:

Exclusive deals create product differentiation downstream.

# Model

- Stage 1** Studios and services bargain over distribution and fees.  
Services set subscription fees.
- Stage 2** Consumers subscribe to a bundle of services.
- Stage 3** Consumers watch streaming services.

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- Enhance extraction by studios.

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- Enhance extraction by studios.
- Note: Studios anticipate effect of their choices on services quantities, not subscription prices.

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  - No “using up” a catalogue, no binge and churn.

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- Consumers make static choice from the same choice set every 30 minutes.
  - No renting on Amazon Prime.
  - No “using up” a catalogue, no binge and churn.
  - Ho, Rysman, and Wang (2025) models consumption durability in movies.

# Bargaining

- Exclusive dealing means studio gets the max of:
  - ① Nash bargaining with top service.
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Too mechanical?

Is there a way to parameterize the payoff from replacement threat?

# Results

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  - Without ED, everyone would just buy Netflix.
- Exclusive dealing is a prisoner's dilemma for large studios.
  - Each studio would prefer to be the only studio that can use ED.
- But small studios (with low bargaining power) benefit from ED.
- Consumers lose from ED.
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- But small studios (with low bargaining power) benefit from ED.
- Consumers lose from ED.
  - But must do so in this model.
  - Cool counterfactual argues that enhanced production incentives cannot outweigh costs of ED.

# Overall

- Great paper that brings bargaining and bundling to a very current industry.
- Creative and clear application of NNTR.
- Believable results: Small studios and services benefit from exclusive deals.

# Industry comparisons

- No exclusive deals in streaming music.
- Exclusive deals for podcasts exist but are not prevalent.
- Exclusive deals are the norm in streaming, and were the norm in network television.

Why?

Ho, C.-Y., Rysman, M., & Wang, Y. (2025). *Demand for performance goods: Import quotas in the Chinese movie market*. Unpublished manuscript, Boston University.