

SEMINAR

Exclusive Dealing in Asymmetric Platform Competition

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ABSTRACT:

This paper studies exclusive dealing imposed on sellers by asymmetric platforms in a setting of cross-side network effects and platform differentiation. We find that exclusivity can be introduced by the strong platform alone, the weak platform alone, or both. In each case, exclusivity appears only when the initiator's service is not very valuable to sellers. Platform asymmetry facilitates the weak platform's adoption of exclusivity and hinders the strong platform's. When few sellers would have multihomed anyway, only the strong platform will introduce exclusivity. This may strengthen the cross-side network effect so much that consumer surplus, social welfare, and sellers' overall profitability all improve. In contrast, welfare and sellers' overall profitability decline when only the weak platform introduces exclusivity.

BIOGRAPHY:

Dr. Wen Zhou is an Associate Professor in the group of Management and Strategy, HKU Business School. He received BS in biology from the University of Science and Technology of China, MA in economics from Peking University and PhD in economics from Duke University. He joined the University of Hong Kong in 2007 after working at the Hong Kong University of Science and Technology for several years.

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