What Is the Impact of Within-Platform Competition in Two-Sided Markets?

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Overview

- How does competition within one side affect prices across both sides in two-sided markets?
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- Use a Diff-in-Diff and RD strategy analyzing US airports.
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▶ How does competition within one side affect prices across both sides in two sided markets?
▶ Use a Diff-in-Diff and RD strategy analyzing US airports.
▶ Airline competition helps airports which adopt a two-sided pricing approach.
   ▶ Increase per passenger commercial revenues and landing fees.
   ▶ Overall financial performance improves as well.
Overall Impression

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- Nice policy change used with simple, intuitive empirical analysis.
- Novel way to look at airports from a two-sided market perspective.
Thoughts and Suggestions I

- It's good to document this but how do we use this information?
  - Link to policy/managerial/strategic implications. External validity?
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  - A case could be made for a structural framework here (to capture equilibrium vs optimal strategies).
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- What explains residual pricing vs not? Capacity constrained vs. not? How does unobserved quality interact with this?
Thoughts and Suggestions II

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  - A priori, seems that treatment and control airports are very different (Also, in Snider and Williams, 2015)
Thoughts and Suggestions II

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Thoughts and Suggestions II

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- Aren’t some of the controls potentially affected by the policy change? (ticket prices)
- Use Diff-in-Diff with an RDD? Use different bandwidths for RDD.
Some General Thoughts

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- Are airports really two/multi-sided markets? Not clear...
  - If yes, which are the two most relevant sides?