

## **The impact of hosting rivals on platform creation and competition [Working Title]**

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### **Motivation and Aim:**

'Hosting rivals' means that multiproduct firms or platforms invite rivals (i.e., third parties) to sell products or services on top of their core product. An example for a successful 'hosting of rivals' is Apple's iPhone. After launching the iPhone in 2007 as a stand-alone product which ran exclusively apps produced by Apple, Apple quickly realized it would benefit from the creativity of third-party developers. Consequently, in 2008 the Apple opened up the iPhone to third parties (including those producing rival apps) and created the App Store.

When these third-party products are complements (or unrelated) to the core product, the benefits of inviting these firms to sell on top of the core product can be an increased consumer demand and thus, more profit. However, the advantage of 'hosting rivals' is not that apparent in which the third-party products may actually be (partial) substitutes to the original product.

The aim of this thesis to analyse which impact 'hosting rivals' has for (current and future) platforms. Particularly, it should be examined under which conditions a multiproduct firm can profitably turn itself into a platform by 'hosting rivals', considering the model of Hagiu et al. (2020). The model of Hagiu et al. (2020) should also be compared with other theoretical models concerning this issue. Thereby, the subsequent research questions should be considered: Under which circumstances is 'hosting rivals' profitable? How does this affect competition between the platform and the rivals? What are the welfare effects for the rivals, the (emerging) platform as well as the consumers? Which policy remedies appear to be effective?

### **References:**

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