

Discussing Hybrid Platform Competition by Li, Li, and Luo

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Hard Problem

This is a Hard Problem:

- Modeling platform competition is hard
- Modeling hybrid platforms is hard
- This paper does both

On the consumer side,

- Hotelling line and single-homing
- Membership prices
- Fixed network effects
- No transaction prices

This makes sense for streaming competition but doesn't for marketplace competition (e-commerce, app stores, video games, etc.)

On the 3rd party seller side,

- All multi-home
- All face exogenous commission fees (same across platforms)
- Are either replaced by the 1st party product or not impacted

Some of these make sense for streaming (1st party replacement)
others do not (all multi-home)

Marketplaces?

- Do eBay, Amazon, and Walmart have the same fees?
- Does replacement occur here?

Empirical Implications

One Empirical Implication:

- Your model suggests Amazon 1st party entry should decrease with Walmart entry.
- Did it?
- Probably see aggregate numbers or ratios of revenue between the two

Broader Questions

The Walmart Case:

- If this is a prisoner's dilemma, then why did Walmart enter to be a marketplace?
- Can your model consider the alternative case where one "platform" considers being a e-retailer vs being a hybrid platform to compete with another hybrid platform?

A Ban:

- Streaming: This will never occur. Netflix would likely be forced to shutdown and Disney+ would be forced to merge with Hulu.
- Given this, you may want to focus on the marketplace case as much as possible.