Discussion of H. J. Kind and L. Sørgard's "Market segmentation in two-sided markets: TV rights for Premier League"

by Amedeo Piolatto

X Workshop on Media Economics
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Overview of the paper - The main ingredients

- Motivated by a real court decision

- Premier League / Football + media + two-sided markets + a pub landlady

⇒ all the ingredients to capture the readers (and editors) eyeballs

The paper shows that **in two-sided markets** (as opposed to one-sided mkts) there may be some **extra forces at work** when talking about 3rd degree **price discrimination**

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- relax the assumptions and extend the results
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More in details

- Stress the differences with a one-sided market
- You assume some people are "loyal", but you don't give the intuition. I would prefer to have it endogenous. If not, it would be nice at least to have some more intuition of why they should be loyal and which features go together with that one (you assume they have a less elastic demand, is that reasonable? Why?)
- Does the country size matter? What happens with different values of A_1, A_2 and B_1? And if advertisement revenues are not linear?
- How do the results change depending on the cost function (no variable costs, constant or increasing MC)

More in details (2)

- If buying abroad is legal and advertisement is anyway something consumers dislike, why should anyone be willing to buy from the local company if the other is cheaper? How could it be that $s < 1$?

- You assume that i) advertisement can only hit one type of people (locals), ii) can't advertise abroad. What happens if some firms are interested in both markets (multinationals)?

- Advertisement may be tailored by group. It could be interesting to extend to see what happens when the value of advertising to group A is different from B, etc.

Extra minor points for Hans and Lars

- You mix British and American spelling (mainly the "z" / "s")
- In the introduction, I would suggest to point it out earlier that there are significant differences between the one and two sided markets, and to provide the intuition.
- Explain better, in the introduction, the intuition behind your results
- You should discuss from the beginning the fact that the seller may want not to serve both types (A and B in country 1) and see how your results change in that case.
- At the end of section one, review the outline of the paper
- Proof of proposition 11 is missing
- Using A both for the type of consumer and for advertisement may be confusing