

Upward Pricing Pressure in Two-Sided Markets: Corrigendum*

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The original code producing the results in [Affeldt et al. \(2013\)](#) did not calculate the two-sided diversion ratios correctly. In this corrigendum we present results that are obtained using revised code. The code is also provided as an updated replication package.

Table 2 and 4 are affected by the coding error. Here we present corrected versions of those tables. Comparing Table 2 to the original one in the published paper shows that diversion ratios in the bottom panel and in the last column of the top panel are affected. In the paper, we point out that two-sided diversion ratios on the advertising side are positive and explain why this is to be expected. This is still the case.

Comparing Table 4 to the corresponding one in the published paper shows that results for two-sided upward pricing pressure (UPP) measures are affected mainly on the advertising side. The necessary efficiency credits are lower than previously reported. Nevertheless, there is evidence for UPP on both market sides, while we have already documented in the paper that one-sided UPP measures only suggest this to be the case for the readership side. So, importantly, the main conclusion that one cannot, in general, use one-sided UPP measures in two-sided markets, still holds.

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References

Affeldt, P., L. Filistrucchi, and T. J. Klein (2013). Upward pricing pressure in two-sided markets. *The Economic Journal* 123(572).

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Table 2: *Diversion Ratios*

	without network effects	with network effects	
	same side	advertising	subscriptions
advertising: first firm with newspapers ...			
AD1	0.0000	0.0022	0.0002
NRC	0.0000	0.0030	0.0001
NRN	0.0000	0.0010	0.0001
PAR	0.0000	0.0010	0.0001
TRO	0.0000	0.0012	0.0001
VOL	0.0000	0.0035	0.0002
... merging with the second firm with newspapers ...			
GOO	0.0000	0.0003	0.0000
HAR	0.0000	0.0003	0.0000
LEI	0.0000	0.0002	0.0000
NOR	0.0000	0.0006	0.0001
TEL	0.0000	0.0044	0.0006
subscriptions: first firm with newspapers ...			
AD1	0.0546	0.5860	0.0561
NRC	0.0769	1.6289	0.0789
NRN	0.0674	1.3005	0.0692
PAR	0.0964	1.3578	0.0991
TRO	0.0744	1.2428	0.0764
VOL	0.0805	1.5067	0.0826
... merging with the second firm with newspapers ...			
GOO	0.1292	1.1203	0.1305
HAR	0.1129	0.9947	0.1140
LEI	0.1091	0.7717	0.1103
NOR	0.0659	0.5848	0.0664
TEL	0.0998	0.7869	0.1009

Each row i shows the sum of the diversion ratios, over products j of the other firm, on the advertising side of firm 1 and 2, respectively, in the top panel, and on the readership side in the bottom panel. The columns correspond to the effect on either advertising or readership demand. That is, the cells contain values of $\sum_j D_{ij}^{AA}$, $\sum_j D_{ij}^{AA}$ and $\sum_j D_{ij}^{AR}$ in the top panel and values of $\sum_j D_{ij}^{RR}$, $\sum_j D_{ij}^{RA}$ and $\sum_j D_{ij}^{RR}$ in the bottom panel.

Table 4: *Two-Sided UPP Measures*

	<i>GUPP</i>	<i>EC</i>	<i>UPP</i>	<i>UPP*</i>	<i>GUPPI</i> ⁺	<i>GUPPI</i> ^{*+}	<i>NEC</i>
advertising: first firm with newspapers ...							
AD1	0.03	-0.08	-0.05	-0.04	0.00	0.00	0.03
NRC	0.02	-0.04	-0.02	-0.02	0.00	0.00	0.05
NRN	0.01	-0.01	-0.00	-0.00	0.00	0.00	0.04
PAR	0.01	-0.01	-0.00	-0.00	0.00	0.00	0.06
TRO	0.01	-0.02	-0.01	-0.01	0.00	0.00	0.05
VOL	0.03	-0.04	-0.02	-0.01	0.00	0.00	0.06
... merging with the second firm with newspapers ...							
GOO	0.00	-0.00	0.00	0.00	0.01	0.01	0.09
HAR	0.01	-0.01	-0.00	-0.00	0.00	0.00	0.07
LEI	0.00	-0.01	-0.00	-0.00	0.00	0.00	0.05
NOR	0.01	-0.02	-0.01	-0.01	0.00	0.00	0.04
TEL	0.08	-0.10	-0.02	-0.01	0.01	0.01	0.08
subscriptions: first firm with newspapers ...							
AD1	7.92	-8.55	-0.63	-0.14	0.03	0.03	0.05
NRC	11.48	-11.77	-0.30	0.38	0.04	0.04	0.05
NRN	10.02	-3.93	6.09	6.68	0.05	0.05	0.13
PAR	14.31	-7.80	6.51	7.34	0.06	0.06	0.09
TRO	11.04	-9.06	1.97	2.62	0.04	0.04	0.06
VOL	12.07	-9.00	3.07	3.77	0.04	0.05	0.07
... merging with the second firm with newspapers ...							
GOO	19.02	-7.05	11.97	13.18	0.08	0.08	0.14
HAR	16.60	-9.13	7.47	8.52	0.07	0.07	0.09
LEI	16.10	-10.46	5.64	6.65	0.07	0.07	0.08
NOR	9.68	-6.60	3.08	3.68	0.04	0.04	0.08
TEL	14.82	-8.69	6.13	7.03	0.06	0.07	0.09

See notes to previous table. All measures are adjusted for indirect network effects as described in the main text.