

Aggregators, Search, and the Economics of New Media Institutions

Lisa George and Christiaan Hogendorn

Nikrooz Nasr

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Main Results and Contributions

One of the first papers which

- studies the effect **intermediaries** (search engines, aggregators) on media outlets, consumers, and advertisers
- does a **comparison** between different intermediaries

In terms of results

- **Aggregator** \Rightarrow multi-homing in consumer side $\uparrow \Rightarrow$ multi-homing in advertising side $\downarrow \Rightarrow$ market demand for ads \downarrow
- **Search engines** may increase the outlets profits thanks to total market expansion effect
- **intermediaries** would increase(decrease) profit of small(large) outlets.

Model

Two-sided market approach

Micro-founded Multi-homing on advertisers and readers sides

Advertisers are heterogenous (Hotelling model)

Outlets are horizontally differentiated (Hotelling model)

readers are differentiated only in terms of variety taste



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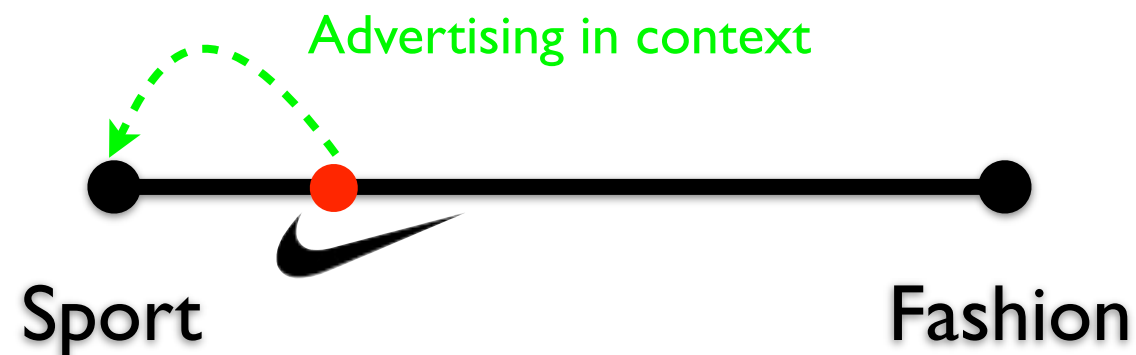
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Aggregator a technology which

- finds the “best” contents
- reduce the search cost

Comments

Aggregator

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- *Prop 1.* Comparing CS for search engines and aggregator. When there are n outlets the inconvenience cost of aggregator should be very high.

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New Setting

- Different search cost instead of introducing new parameter for variety