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Jhih-Hua Jhang-Li

Sheng-Yang Suen

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**PLATFORM SELECTION IN DIGITAL CONTENT DELIVERY: CONTENT EXCLUSIVITY
AND NETWORK EFFECT**

Jhih-Hua Jhang-Li, Hsing Wu University, Taiwan, jhangli@gmail.com
Sheng-Yang Suen, Hsing Wu University, Taiwan, andy63014@gmail.com

ABSTRACT

Exclusivity and multihoming are two distinct contract approaches frequently used by content owners for digital content delivery. The strategy of maintaining content exclusivity not only creates barriers for new entrants in a digital media market but also intensify competitive advantage for the platforms granted distribution rights. Contrary to exclusivity, multihoming strategy results in much less competitive advantage for those delivering the content, but content owners may receive the maximal benefit from conveying important messages to numerous viewers, stimulating the development of word-of-mouth regarding to the context embedded in the content. In the study, we consider the contract decision made by a content owner in a content supply chain in which titles are delivered through either an ad-support cable platform or an ad-free streaming site. The online streaming service provider offers a flexible interface enabling subscribers to view content anytime and anywhere as long as their display outlets connect to the Internet, but the cable platform incurs waiting cost because the titles are broadcasted according to a pre-determined timetable. Our analytical result indicates that multihoming is favored by the content owner when both platforms have symmetric market shares and advertising revenue from the program is pretty low. On the other hand, if commercial advertising is gainful and one of the platforms is obviously larger than the other, content exclusivity benefits the content owner more than multihoming.

Keywords: Exclusivity, multihoming, streaming, network externality, advertising revenue.