

# Intermediating Rival Content in Platform Competition\*

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## Abstract

This paper studies platform competition when a platform with exclusive content voluntarily allows consumers to access that content through a rival platform under a revenue-sharing agreement. Motivated by recent partnerships among competing content platforms, we develop a model in which consumers choose whether to single-home, multi-home, or not participate. We show that introducing such an intermediating channel fundamentally alters platforms' profit structures: by generating additional revenue through the intermediating channel, the platform acting as an intermediary partially internalizes competition and sets higher prices. As a result, industry profits increase, and both platforms can benefit through appropriate monetary transfers. However, this mitigation of competition harms consumers and reduces total surplus. Our results highlight that this channel-based form of co-competition can be profitable for platforms but socially undesirable.

**Keywords:** Platform competition, Co-optition

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\*We thank the participants at workshops held at Kobe University and NUTIC, Nagasaki, for their helpful comments. This work was supported by JSPS KAKENHI Grant Number 23K12464.

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