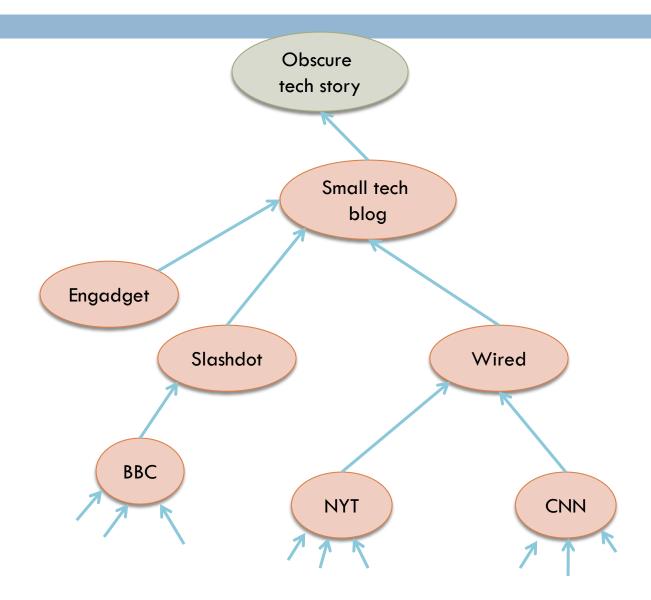
LECTURE 8: NETWORK EFFECTS AND CASCADING BEHAVIOR

Spreading Through Networks

- Spreading through networks:
 - Cascading behavior
 - Diffusion of innovations
 - Network effects
 - Epidemics
- Behaviors that cascade from node to node like an epidemic

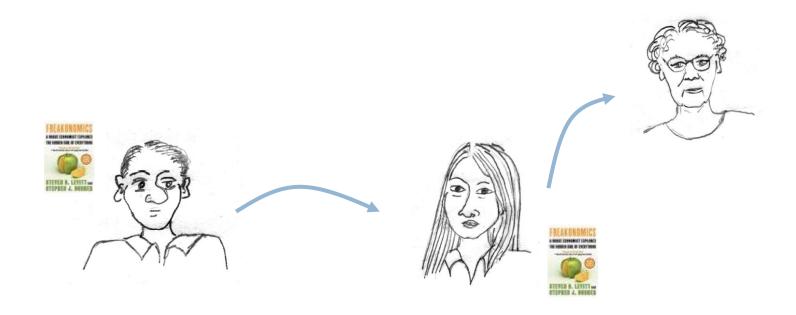
- Examples:
 - Biological:
 - Diseases via contagion
 - Technological:
 - Cascading failures
 - Spread of information
 - Social:
 - Rumors, news, new technology
 - Viral marketing

Information Diffusion

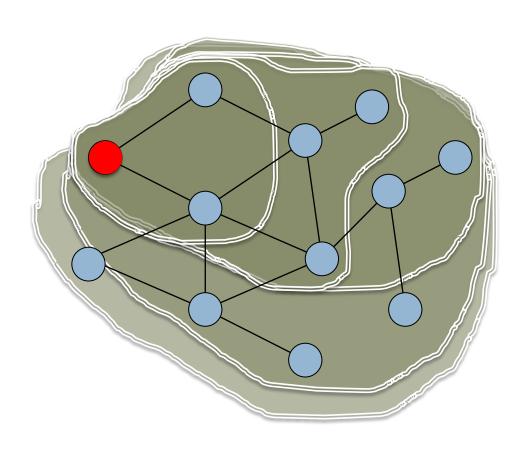


Diffusion in Viral Marketing

- □ Product adoption:
 - Senders and followers of recommendations

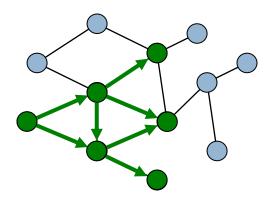


Spread of Diseases (e.g. Covid-19)

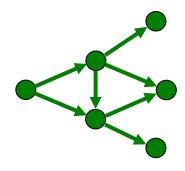


Network Cascades

- Contagion that spreads over the edges of the network
- □ It creates a propagation tree, i.e., cascade



Network



Cascade (propagation graph)

Terminology:

- Stuff that spreads: Contagion
- "Infection" event: Adoption, infection, activation
- We have: Infected/active nodes, adoptors

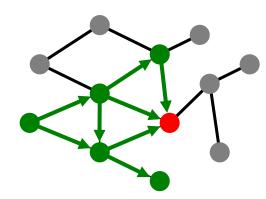
How to Model Diffusion?

Probabilistic models:

- Models of influence or disease spreading
 - An infected node tries to "push" the contagion to an uninfected node

Example:

You "catch" a disease with some prob. from each active neighbor in the network



□ Decision based models (today!):

- Models of product adoption, decision making
 - A node observes decisions of its neighbors and makes its own decision

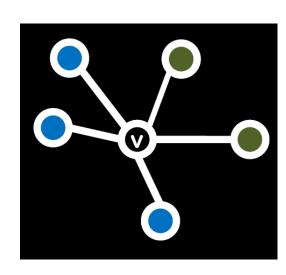
Example:

 \blacksquare You join demonstrations if k of your friends do so too

DECISION BASED MODEL OF DIFFUSION

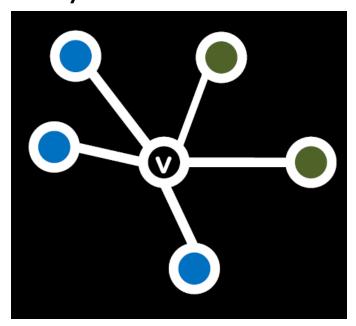
Decision Based Models

- □ Two ingredients:
 - Payoffs:
 - Utility of making a particular choice
 - Signals:
 - Public information:
 - What your network neighbors have done
 - (Sometimes also) Private information:
 - Something you know
 - Your belief
- Now you want to make the optimal decision



Game Theoretic Model of Cascades

- Based on 2 player coordination game
 - 2 players each chooses technology A or B
 - Each person can only adopt one "behavior", A or B
 - You gain more payoff if your friend has adopted the same behavior as you



Local view of the network of node v

Example: BlueRay vs. HD DVD



The Model for Two Nodes

Payoff matrix:

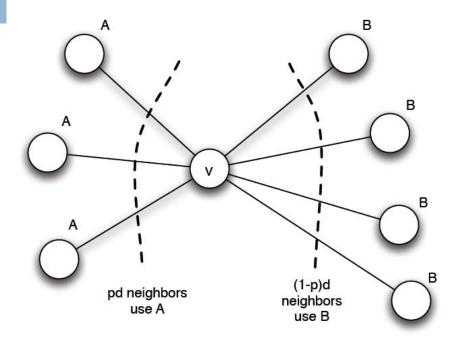
- If both v and w adopt behavior A, they each get payoff a > 0
- If v and w adopt behavior B, they each get payoff b > 0
- If v and w adopt the opposite behaviors, they each get 0



□ In some large network:

- Each node v is playing a copy of the game with each of its neighbors
- □ Payoff: sum of node payoffs per game

Calculation of Node v



Threshold:

v choses A if

$$p > q = \frac{b}{a+b}$$

- Let v have d neighbors
- Assume fraction p of v's neighbors adopt A

■
$$Payoff_v = a \cdot p \cdot d$$
 if v chooses A
= $b \cdot (1-p) \cdot d$ if v chooses B

 \Box Thus: v chooses A if: a·p·d > b·(1-p)·d

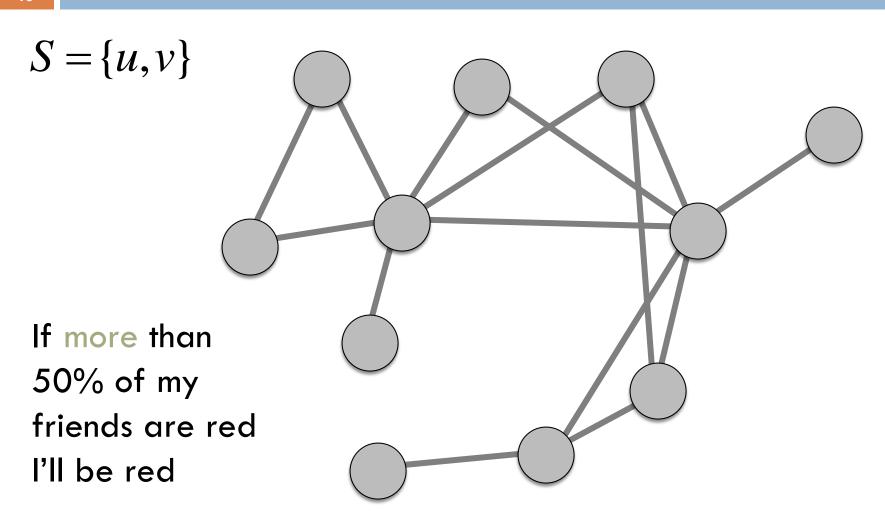
□ Scenario:

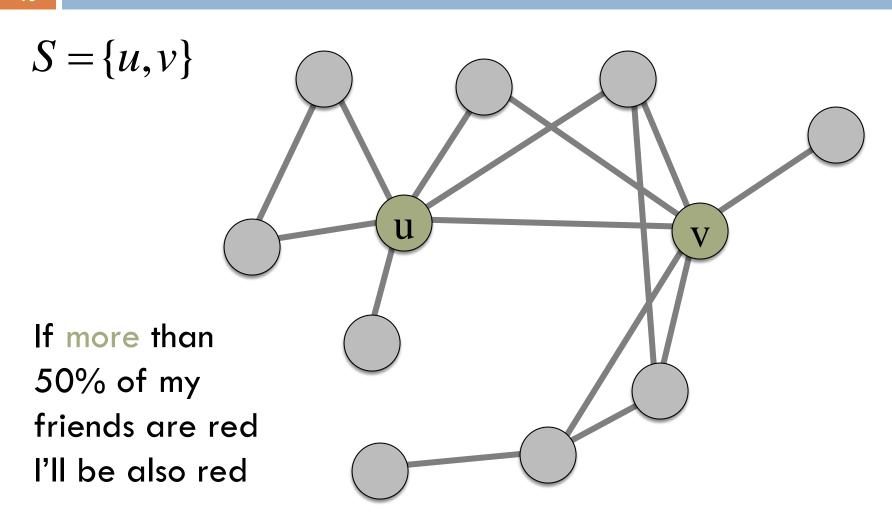
Graph where everyone starts with B. Small set S of early adopters of A

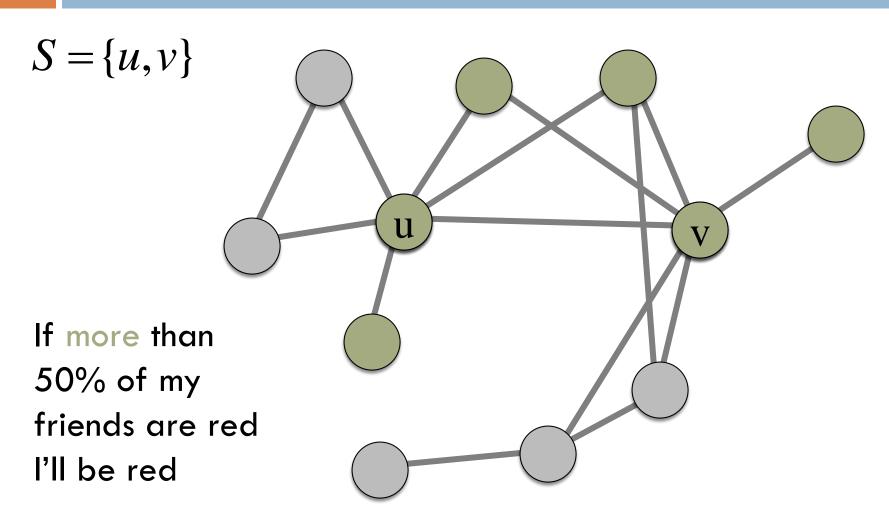
- □ Hard-wire S they keep using A no matter what payoffs tell them to do
- Assume payoffs are set in such a way that nodes say:

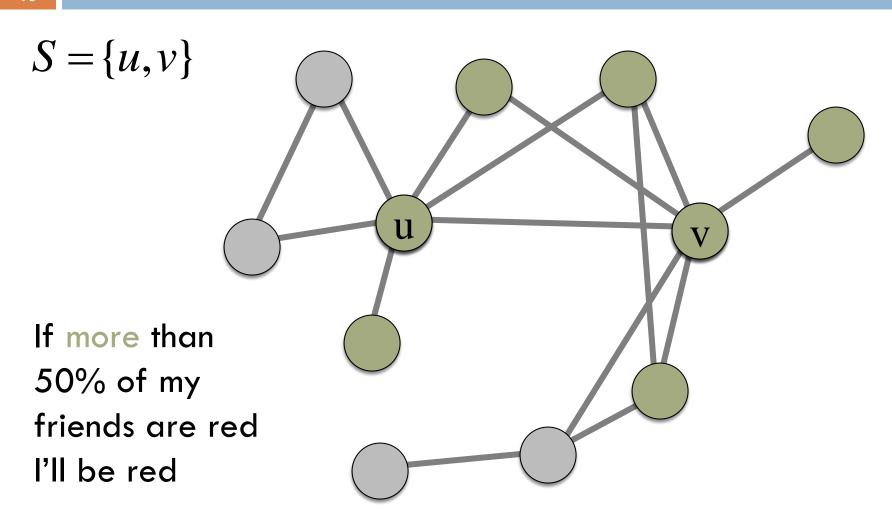
If more than 50% of my friends take A I'll also take A

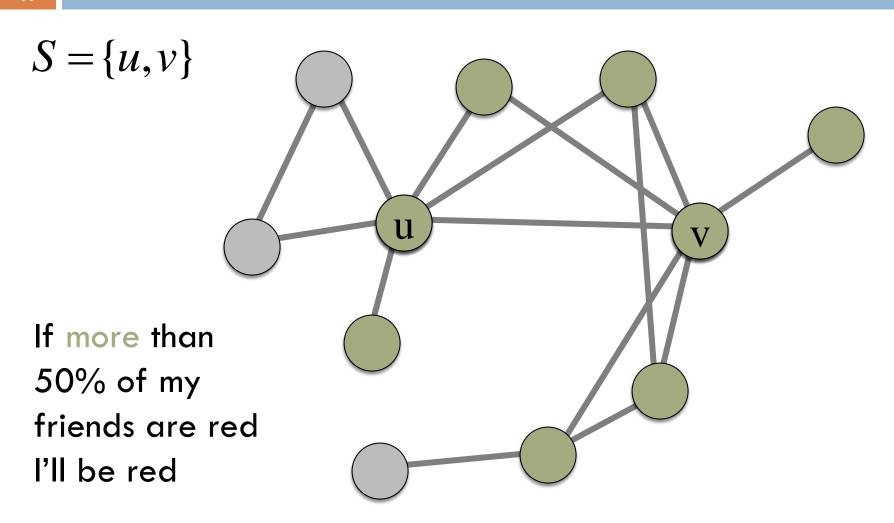
(this means: $a = b-\epsilon$ and q>1/2)

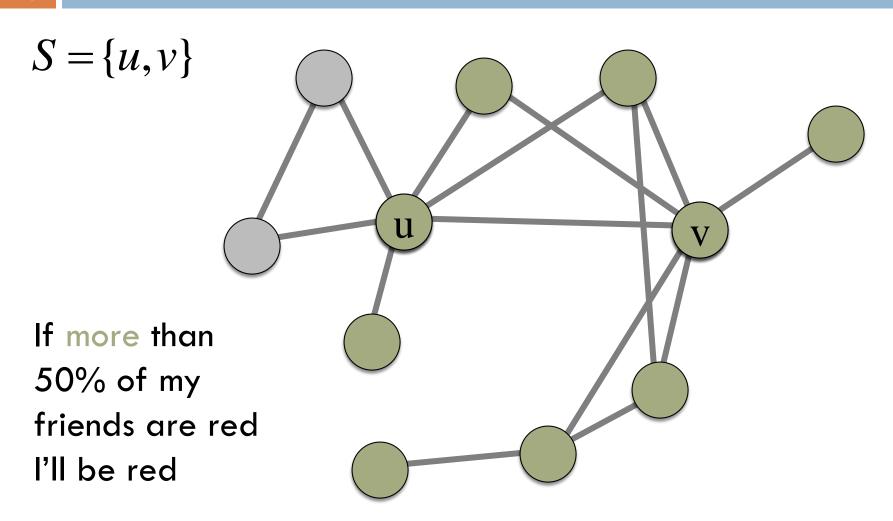








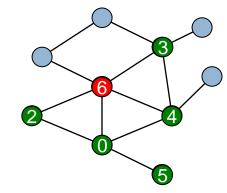




Monotonic Spreading

- □ Observation: Use of A spreads monotonically
 - (Nodes only switch $B \rightarrow A$, but never back to B)
- Why? Proof sketch:
 - \blacksquare Nodes keep switching from B to A: $B \rightarrow A$
 - Now, suppose some node switched back from $A \rightarrow B$, consider the **first** node u to do so (say at time t)
 - Earlier at some time t' (t' < t) the same node u switched $B \rightarrow A$
 - □ So at time t' u was above threshold for A
 - But up to time t no node switched back to B, so node u could only had more neighbors who used A at time t compared to t'.

There was no reason for u to switch.
!! Contradiction !!



Infinite Graphs

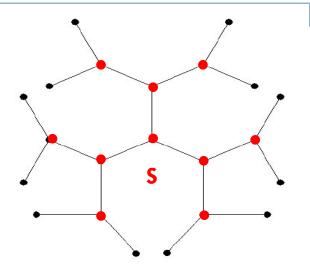
v choses A if p>q

- Consider infinite graph G
 - (but each node has finite number of neighbors!)
- We say that a finite set S causes a cascade in G with threshold q if, when S adopts A, eventually every node adopts A
- Example: Path

If q<1/2 then cascade occurs

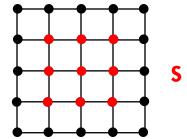
Infinite Graphs

□ Infinite Tree:



If q<1/3 then cascade occurs

□ Infinite Grid:



If q<1/4 then cascade occurs

Cascade Capacity

□ Def:

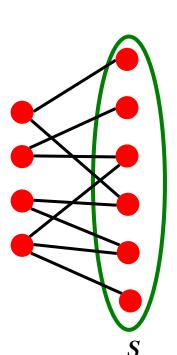
■ The cascade capacity of a graph G is the largest q for which some finite set S can cause a cascade

□ Fact:

■ There is no G where cascade capacity $> \frac{1}{2}$

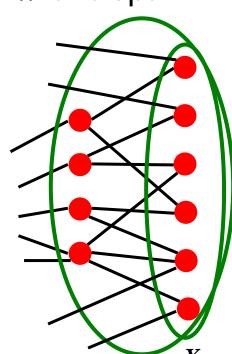
□ Proof idea:

- Suppose such G exists: q>1/2, finite S causes cascade
- Show contradiction: Argue that nodes stop switching after a finite # of steps



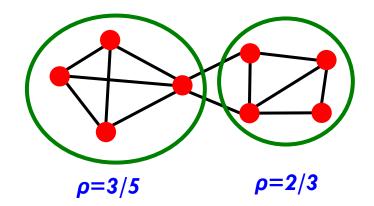
Cascade Capacity

- □ Fact: There is no G where cascade capacity > $\frac{1}{2}$
- □ Proof sketch:
 - Suppose such G exists: q>1/2, finite S causes cascade
 - Contradiction: Switching stops after a finite # of steps
 - <u>Define</u> "potential energy"
 - Argue that it starts finite (non-negative) and strictly decreases at every step
 - \blacksquare "Energy": = $|d^{out}(X)|$
 - \blacksquare $|d^{out}(X)| := #$ of outgoing edges of active set X
 - The only nodes that switch have a strict majority of its neighbors in S
 - |dout(X)| strictly decreases
 - It can do so only a finite number of steps



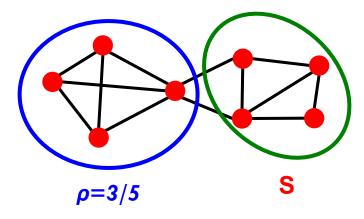
Stopping Cascades

- What prevents cascades from spreading?
- Def: Cluster of density \(\rho \) is a set of nodes C where each node in the set has at least \(\rho \) fraction of edges in C.



Stopping Cascades

- Let S be an initial set of adopters of A
- All nodes apply threshold
 q to decide whether
 to switch to A



No cascade if q>2/5

□ Two facts:

- 1) If $G \setminus S$ contains a cluster of density > (1-q) then S can not cause a cascade
- 2) If S fails to create a cascade, then there is a cluster of density >(1-q) in G\S

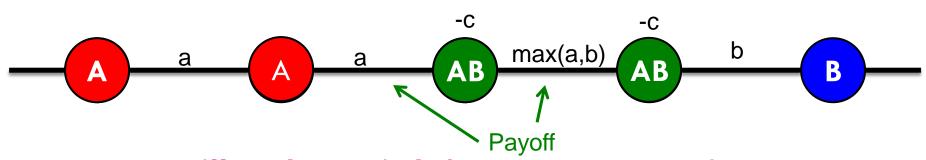
EXTENDING THE MODEL: ALLOW PEOPLE TO ADOPT A AND B

Cascades & Compatibility

- □ So far:
 - Behaviors A and B compete
 - Can only get utility from neighbors of same behavior: A-A get a, B-B get b, A-B get 0
- □ Let's add an extra strategy "A-B"
 - □ AB-A: gets a
 - □ AB-B: gets b
 - \square AB-AB: gets max(a, b)
 - Also: Some cost c for the effort of maintaining both strategies (summed over all interactions)

Cascades & Compatibility: Model

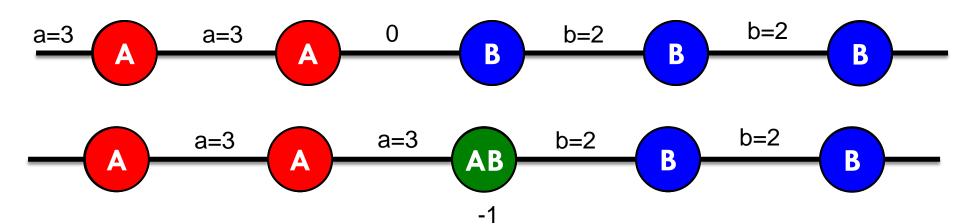
- Every node in an infinite network starts with B
- Then a finite set S initially adopts A
- \square Run the model for t=1,2,3,...
 - Each node selects behavior that will optimize payoff (given what its neighbors did in at time *t-1*)



How will nodes switch from B to A or AB?

Example: Path Graph

- Path graph: Start with all Bs, a > b (A is better)
- □ One node switches to A what happens?
 - With just A, B: A spreads if a > b
 - With A, B, AB: Does A spread?
- □ Assume a=3, b=2, c=1:

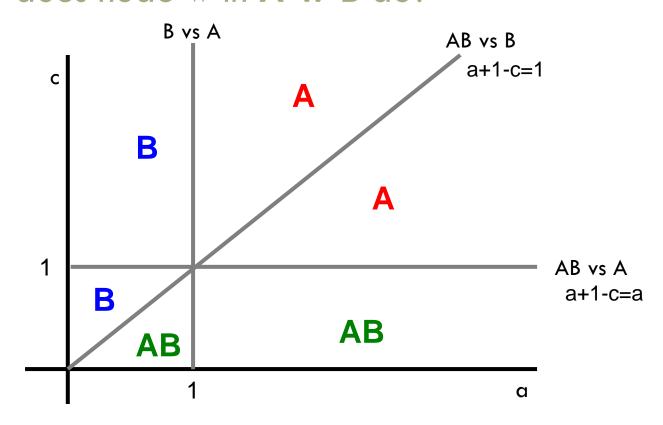


Cascade stops

Example

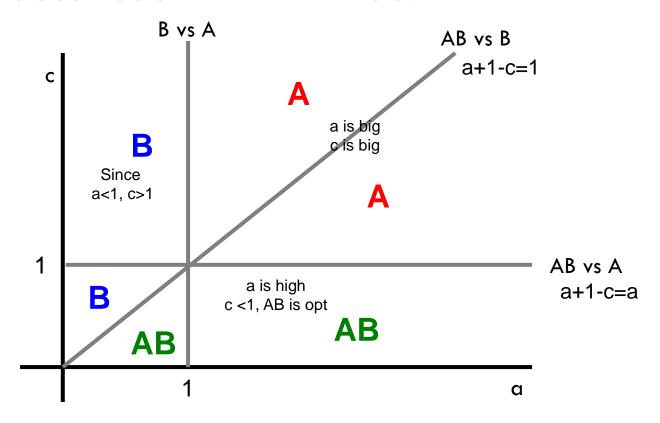
□ Let a=5, b=3, c=1 b=3 a=5 b=3 B В В b=3 a=5 a=5 b=3 AB B B b=3 a=5 a=5 a=5 AB AB B b=3 a=5 a=5 a=5 AB A -1

- Infinite path, start with all Bs
- □ Payoffs for w: A:a, B:1, AB:a+1-c
- □ What does node w in **A-w-B** do?



B

- Infinite path, start with all Bs
- □ Payoffs for w: A:a, B:1, AB:a+1-c
- □ What does node w in **A-w-B** do?

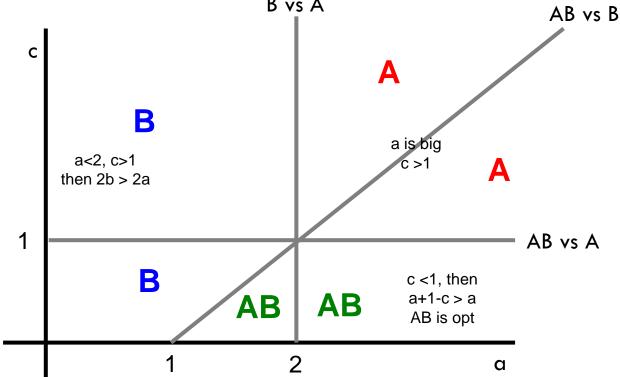


Same reward structure as before but now payoffs

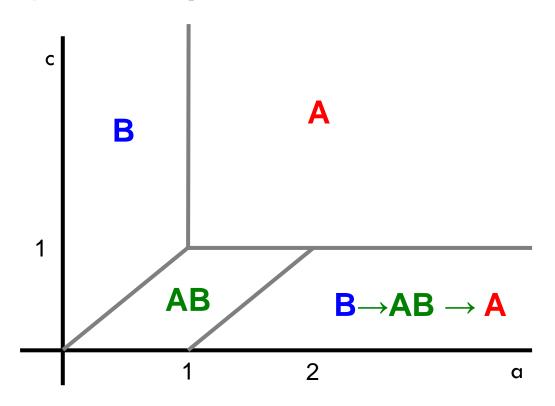
for w change: A:a, B:1+1, AB:a+1-c

□ Notice: Now also AB spreads

□ What does node w in AB-w-B do?



□ Joining the two pictures:



Lesson

You manufacture default B and new/better A comes along:

- Infiltration: If B is too compatible then people will take on both and then drop the worse one (B)
- Direct conquest: If A makes itself not compatible people on the border must choose. They pick the better one (A)
- Buffer zone: If you choose an optimal level then you keep a static "buffer" between A and B

