

# *Measuring Markets for Network Goods* – Referee Report 4

Leonardo Bursztyn  
Matthew Gentzkow  
Rafael Jiménez-Durán  
Aaron Leonard  
Filip Milojević  
Christopher Roth

December 17, 2025

## SUMMARY

This paper argues that substitution effects and market definition for network goods need to account for changes in network size. It first presents a conceptual framework showing that a user's demand for a second good responds differently to the price of the first good when other users' responses—and the implied changes in network sizes—are taken into account. Then, exploiting the proposed TikTok ban in the US, the paper presents evidence from an incentivized experiment that individuals have higher valuation for alternative social apps under a collective TikTok ban than under individual deactivation of TikTok. The paper also shows in a second experiment that a collective time limit on some social apps led to a greater increase in the use of other apps than found in previous individual-level studies.

## COMMENTS

This is an interesting paper that I learned from. The experiments are carefully designed and cleanly executed, the results are interesting and presented in a balanced way. My main concern is the size of the contribution: I feel like at present this is more of a paper for an IO audience.

1. Contribution: My understanding is that the theoretical insight is known, so that the contribution is the evidence. I like the main empirical result that the substitution pattern is real, but I feel like this is largely of interest to IO. It would be nice to learn more about the broader implications. For example, what do the results teach us about market definition in specific markets, such as—using the example from paragraph 1—for Facebook? To take another example, do substitution effects change how we should think about the welfare implications of banning TikTok? Or a third example, are the results quantitatively large to meaningfully affect policies? It would be great to have a larger lesson that goes beyond documenting that the substitution effect is real.
2. Quality of evidence: I find the results on the whole persuasive, but there are some weaknesses. The first experiment is about choices in hypothetical scenarios. Given the growing body of evidence that people's beliefs are off in many domains, actual behavior may depart from these expectations. The second experiment is about actual choices, but—unless I am missing something—is only about a collective ban, so cannot be directly compared to an individual ban. The paper compares it to other studies, which is suggestive. The second experiment also lacks a control group, which actually bothers me less than the absence of an individual ban group (I do see the difficulty of adding it). Overall, the quality of evidence is fine, but there is no breakthrough in methods that would carry the paper for a top journal.
3. Mechanism: I find the suggested mechanism about equilibrium effects plausible, but the paper would have been stronger with more direct evidence. For example, one could exploit variation in the pre-existing network of a person: if more of my friends deactivate app 1, I have a stronger incentive to

switch to app 2. Through this channel, even people not themselves deactivating may be switching. I wonder if one could implement this type of design in the second experiment—I suspect not ex post, but I still wanted to mention it.