Measuring Markets for Network Goods – Referee Report 5

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This paper studies substitution patterns between different platforms in the presence of network effects. The authors conduct a survey experiment asking the respondents about their willingness to pay for alternative social media apps using three different scenarios: no TikTok ban, an individual TikTok ban, and a collective TikTok ban. By comparing the numbers for the individual and collective TikTok bans, the authors estimate the importance of network effects. For Instagram, 65% of the valuation increase comes from the network effects; for Snapchat and YouTube, these numbers are 100% and 53%, respectively.

This paper addresses a question that is important from both academic and policy perspectives. I like the paper, and I learned something new from it. The methodology used by the authors is up to date. However, I have some remaining concerns and comments to be addressed.

- For the theoretical part, there are no prices in the real-world usage of social media platforms. It would be great to have a theoretical framework that matches the setting.

- Relatedly, it would be great to estimate consumer welfare and the share of it coming from the network effects. A model that would allow for it would be great to have.

- Many results in the paper depend on the definition of higher or lower valuation. Magnitudes are important here, however. The difference between 70.00 and 70.01 is small and not comparable with the difference between 70.00 and 50.00. It would be great to show if the results remain conceptually and numerically similar if we define "equal" valuation as valuation of 5% higher or lower /10% higher or lower/15% higher or lower, with "higher" or "lower" valuation being defined as the difference being not equal.

- It would be great to add p-values to pictures.

- I'd like to see summary stats of respondents' characteristics by treatments, to make sure that the randomization was successful.

- What do the shares for network effects imply about the fraction of the friendship network in the same country (U.S.)?