

**Abstract :**

This paper provides a thorough analysis of oligopolistic markets with positive demand-side network externalities and perfect compatibility. The minimal structure imposed on the model primitives is such that industry output increases in a firm's rivals' total output as well as in the expected network size. This leads to a generalized equilibrium existence treatment that includes guarantees for a nontrivial equilibrium, and some insight into possible multiplicity of equilibria. We formalize the concept of industry viability and show that it is always enhanced by having more firms in the market. We also characterize the effects of market structure on industry performance, with an emphasis on departures from standard markets. As per-firm profits need not be monotonic in the number of competitors, we revisit the concept of free entry equilibrium for network industries. The approach relies on lattice-theoretic methods, which allow for a unified treatment of various general results in the literature on network goods. Several illustrative examples with closed-form solutions are also provided.

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The Center for Research in Economic Analysis of the University of Luxembourg is pleased to invite you to the **Lunchtime Seminar in Economics:**

## Network Effects, Market Structure and Industry Performance

Rabah Amir  
University of Arizona

**November 17, 2010**  
**12:00 – 13:00**

Campus Limpertsberg  
Building of Science – Room BC 208  
162a, avenue de la Faïencerie  
L-1511 Luxembourg

Lunch is planned for the participants

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